

White House/Congressional Leadership

**Reconciliation Bill
Health Care and Education Affordability Act of
2010 (H.R. 4872)**

**Senate Bill
Patient Protection and Affordable Care Act
(H.R. 3590)**

**House Bill
Affordable Health Care for America Act
(H.R. 3962)**

COST CONTAINMENT

**Administrative
simplification**

- Simplify health insurance administration by adopting a single set of operating rules for eligibility verification and claims status [rules adopted July 1, 2011; effective January 1, 2013], electronic funds transfers and health care payment and remittance [rules adopted July 1, 2012; effective January 1, 2014], and health claims or equivalent encounter information, enrollment and disenrollment in a health plan, health plan premium payments, and referral certification and authorization [rules adopted July 1, 2014; effective January 1, 2016]. Health plans must document compliance with these standards or face a penalty of no more than \$1 per covered life. [Effective April 1, 2014]

- Simplify health insurance administration by adopting a single set of operating rules for eligibility verification and claims status [rules adopted July 1, 2011; effective January 1, 2013], electronic funds transfers and health care payment and remittance [rules adopted July 1, 2012; effective January 1, 2014], and health claims or equivalent encounter information, enrollment and disenrollment in a health plan, health plan premium payments, and referral certification and authorization [rules adopted July 1, 2014; effective January 1, 2016]. Health plans must document compliance with these standards or face a penalty of no more than \$1 per covered life. [Effective April 1, 2014]

- Simplify health insurance administration by adopting standards for financial and administrative transactions, including timely and transparent claims and denial management processes and use of standard electronic transactions. (Effective upon enactment)

Medicare

- Restructure payments to Medicare Advantage (MA) plans by setting payments to different percentages of Medicare fee-for-service (FFS) rates, with higher payments for areas with low FFS rates and lower payments [95% of FFS] for areas with high FFS rates. Revised payments phased in over 3 years beginning in 2011, for plans in most areas, with payments phased-in over longer periods [4 years and 6 years] for plans in other areas. Provide bonuses to plans receiving 4 or more stars, based on the current 5-star quality rating system for Medicare Advantage plans, beginning in 2012; qualifying plans in qualifying areas receive double bonuses. Modify rebate system with rebates allocated based on a plan's quality rating. Achieve additional savings by further adjusting payments to plans for coding practices related to the health status of enrollees. Cap total payments, including bonuses, at current payment levels. Require Medicare Advantage plans to remit partial payments to the Secretary if the plan has a medical loss ratio

- Restructure payments to Medicare Advantage (MA) plans (except PACE plans) to base payments on the average of plan bids in each market, phased in over four years beginning in 2012, with bonus payments for quality, performance improvement, and care coordination beginning in 2014. Change plan service areas beginning in 2012. Grandfather the extra benefits in MA plans in areas where plan bids are at or below 75% of traditional fee-for-service Medicare [with requirement that these plans participate in a new competitive bidding process]. Provide transitional extra benefits for MA beneficiaries in certain areas if they experience a significant reduction in extra benefits under competitive bidding, authorizing up to \$5 billion for the period between 2012 and 2019 for rebates associated with extra benefits.

- Reduce annual market basket updates for inpatient hospital, home health, skilled nursing facility, hospice and other Medicare providers, and adjust for productivity. (Effective dates vary)

- Restructure payments to Medicare Advantage plans (except for PACE plans), phasing down to equal 100% of fee-for-services payments by 2013, with bonus payments for higher-quality and improved-quality plans in qualifying counties. [Effective FY 2011].

- Reduce market basket updates in Medicare payment rates for providers and incorporate adjustment for expected productivity gains. (Effective dates vary)

- Reduce Medicare Disproportionate Share Hospital (DSH) payments to account for reductions in the national rate of uninsurance as a result of the Act, based on recommendation by the Secretary. (Medicare DSH reductions effective 2017)

- Conduct Medicare and Medicaid pilot programs to test payment incentive models for accountable care organizations and to assess the feasibility of reimbursing qualified patient-centered medical homes. Adopt these models on a large scale if pilot programs prove successful at reducing costs.

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COST CONTAINMENT (continued)

Medicare (continued)

- *of less than 85%, beginning 2014. Require the Secretary to suspend plan enrollment for 3 years if the medical loss ratio is less than 85% for 2 consecutive years and to terminate the plan contract if the medical loss ratio is less than 85% for 5 consecutive years. (Effective 2011)*
- *Reduce annual market basket updates for inpatient hospital, home health, skilled nursing facility, hospice and other Medicare providers, and adjust for productivity. (Effective dates vary)*
- Freeze the threshold for income-related Medicare Part B premiums for 2011 through 2019, and reduce the Medicare Part D premium subsidy for those with incomes above \$85,000/individual and \$170,000/couple. (Effective January 1, 2011)
- Establish an Independent Payment Advisory Board comprised of 15 members to submit legislative proposals containing recommendations to reduce the per capita rate of growth in Medicare spending if spending exceeds a target growth rate. Beginning April 2013, require the Chief Actuary of CMS to project whether Medicare per capita spending exceeds the average of CPI-U and CPI-M, based on a five year period ending that year. If so, beginning January 15, 2014, the Board will submit recommendations to achieve reductions in Medicare spending. Beginning January 2018, the target is modified such that the board submits recommendations if Medicare per capita spending exceeds GDP per capita plus one percent. The Board will submit proposals to the President and Congress for immediate consideration. The Board is prohibited from submitting proposals that would ration care, increase revenues or change benefits.

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- Reduce Medicare Disproportionate Share Hospital (DSH) payments initially by 75% and

- (Implementation of medical home pilots upon enactment; implementation of accountable care organization pilots by January 1, 2012)
- Establish the Center for Medicare and Medicaid Innovation to test payment and service delivery models to improve quality and efficiency. Evaluate all models and expand those models that improve quality without increasing spending or reduce spending without reducing quality, or both. (Effective January 1, 2011)
- Reduce Medicare payments for potentially preventable hospital readmissions. (Effective October 1, 2011)
- Require the Institute of Medicine to conduct studies on geographic variation in Medicare spending and in health care spending across all providers and recommend strategies for addressing these variations by promoting high-value care; require the Secretary to develop an implementation plan and issue regulations to implement the Medicare payment changes unless Congress acts to stop implementation. (Report due one year following enactment; final implementation plan due 240 days following receipt of report; regulations issued by May 31, 2012)
- Require the Secretary to negotiate drug prices directly with pharmaceutical manufacturers for Medicare Part D plans. (Effective upon enactment; applies to drug prices beginning on January 1, 2011)

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COST CONTAINMENT (continued)

Medicare (continued)

- eligibility or Medicare beneficiary cost sharing (including Parts A and B premiums), or would result in a change in the beneficiary premium percentage or low-income subsidies under Part D. Hospitals and hospices (through 2019) and clinical labs (for one year) will not be subject to cost reductions proposed by the Board. The Board must also submit recommendations every other year to slow the growth in national health expenditures while preserving quality of care by January 1, 2015.

 - *Reduce Medicare Disproportionate Share Hospital (DSH) payments initially by 75% and subsequently increase payments based on the percent of the population uninsured and the amount of uncompensated care provided (Effective fiscal year 2014)*
 - Eliminate the Medicare Improvement Fund. (Effective upon enactment)
 - Allow providers organized as accountable care organizations (ACOs) that voluntarily meet quality thresholds to share in the cost savings they achieve for the Medicare program. To qualify as an ACO, organizations must agree to be accountable for the overall care of their Medicare beneficiaries, have adequate participation of primary care physicians, define processes to promote evidence-based medicine, report on quality and costs, and coordinate care. (Shared savings program established January 1, 2012)
 - Create an Innovation Center within the Centers for Medicare and Medicaid Services to test, evaluate, and expand in Medicare, Medicaid, and CHIP different payment structures and methodologies to reduce program expenditures while maintaining or improving quality of care. Payment reform models that improve quality and reduce the rate of cost growth could be expanded throughout the Medicare, Medicaid, and CHIP programs. (Effective January 1, 2011)
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 - Eliminate the Medicare Improvement Fund. (Effective upon enactment)
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 - Reduce Medicare payments that would otherwise be made to hospitals by specified percentages to account for excess (preventable) hospital readmissions. (Effective October 1, 2012)
 - Reduce Medicare payments to certain hospitals for hospital-acquired conditions by 1%. (Effective fiscal year 2015)

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COST CONTAINMENT (continued)

Medicare (continued)

- Reduce Medicare payments that would otherwise be made to hospitals by specified percentages to account for excess (preventable) hospital readmissions. [Effective October 1, 2012]
- Reduce Medicare payments to certain hospitals for hospital-acquired conditions by 1%. [Effective fiscal year 2015]

Medicaid

- *Increase the Medicaid drug rebate percentage for brand name drugs to 23.1 (except the rebate for clotting factors and drugs approved exclusively for pediatric use increases to 17.1%); increase the Medicaid rebate for non-innovator, multiple source drugs to 13% of average manufacturer price; and extend the drug rebate to Medicaid managed care plans. [Effective January 1, 2010]*
- *Reduce aggregate Medicaid DSH allotments by \$.5 billion in 2014, \$.6 billion in 2015, \$.6 billion in 2016, \$ 1.8 billion in 2017, \$ 5 billion in 2018, \$ 5.6 billion in 2019, and \$ 4 billion in 2020. Require the Secretary to develop a methodology to distribute the DSH reductions in a manner that imposes the largest reduction in DSH allotments for states with the lowest percentage of uninsured or those that do not target DSH payments, imposes smaller reductions for low-DSH states, and accounts for DSH allotments used for 1115 waivers. [Effective October 1, 2011]*
- *Prohibit federal payments to states for Medicaid services related to health care acquired conditions. [Effective July 1, 2011]*
- *Increase the Medicaid drug rebate percentage for brand name drugs to 23.1 (except the rebate to Medicaid managed care plans. [Effective January 1, 2010]*
- *Reduce Medicaid DSH allotments by a total of \$10 billion (\$1.5 billion in 2017; \$2.5 billion in 2018; and \$6 billion in 2019), imposing the largest percentage reductions in state DSH allotments in states with the lowest uninsured rates and those that do not target DSH payments.*
- *Prohibit federal payments to states for Medicaid services related to health care acquired conditions. [Effective January 1, 2010]*
- *Authorize the Food and Drug Administration to approve generic versions of biologic drugs and grant biologics manufacturers 12 years of exclusive use before generics can be developed. [Effective upon enactment]*
- *Require hospitals and ambulatory surgical centers to report on health care-associated infections to the Centers for Disease Control and Prevention (effective one year following enactment) and refuse Medicaid payments for certain health care-associated conditions. [Effective January 1, 2010]*
- *Enhance competition in the pharmaceutical market by stopping agreements between brand name and generic drug manufacturers that limit, delay, or otherwise prevent competition from generic drugs. [Effective upon enactment]*

Prescription drugs

- *Authorize the Food and Drug Administration to approve generic versions of biologic drugs and grant biologics manufacturers 12 years of exclusive use before generics can be developed. [Effective upon enactment]*

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COST CONTAINMENT (continued)

Waste, fraud, and abuse

- Reduce waste, fraud, and abuse in public programs by allowing provider screening, enhanced oversight periods for new providers and suppliers, including a 90-day period of enhanced oversight for initial claims of DME suppliers, and enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs, and by requiring Medicare and Medicaid program providers and suppliers to establish compliance programs. Develop a database to capture and share data across federal and state programs, increase penalties for submitting false claims, use tax data to identify fraudulent providers; strengthen standards for community mental health centers; and increase funding for anti-fraud activities. (Effective dates vary)

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IMPROVING QUALITY/HEALTH SYSTEM PERFORMANCE

Comparative effectiveness research

- Support comparative effectiveness research by establishing a non-profit Patient-Centered Outcomes Research Institute to identify research priorities and conduct research that compares the clinical effectiveness of medical treatments. The Institute will be overseen by an appointed multi-stakeholder Board of Governors and will be assisted by expert advisory panels. Findings from comparative effectiveness research may not be construed as mandates, guidelines, or recommendations for payment, coverage, or treatment or used to deny coverage. (Funding available beginning fiscal year 2010)
Terminate the Federal Coordinating Council for Comparative Effectiveness Research that was founded under the American Recovery and Reinvestment Act. (Effective upon enactment)

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Terminate the Federal Coordinating Council for Comparative Effectiveness Research that was founded under the American Recovery and Reinvestment Act. (Effective upon enactment)

- Support comparative effectiveness research by establishing a Center for Comparative Effectiveness Research within the Agency for Healthcare Research and Quality to conduct, support, and synthesize research on outcomes, effectiveness, and appropriateness of health care services and procedures. An independent CER Commission will oversee the activities of the Center. Provides that comparative effectiveness research findings may not be construed as mandates for payment, coverage, or treatment or used to deny or ration care. Establish the Comparative Effectiveness Research Trust Fund. (Effective FY 2010)

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IMPROVING QUALITY/HEALTH SYSTEM PERFORMANCE (continued)

Medical malpractice

- Award five-year demonstration grants to states to develop, implement, and evaluate alternatives to current tort litigations. Preference will be given to states that have developed alternatives in consultation with relevant stakeholders and that have proposals that are likely to enhance patient safety by reducing medical errors and adverse events and are likely to improve access to liability insurance. [Funding appropriated for five years beginning in fiscal year 2011]

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- Provide incentive payments to states that enact alternative medical liability laws that make the medical liability system more reliable through the prevention of or prompt and fair resolution of disputes, encourage the disclosure of health care errors, and maintain access to affordable liability insurance. [Effective upon enactment]

Medicare

- Establish a national Medicare pilot program to develop and evaluate paying a bundled payment for acute, inpatient hospital physician services, outpatient hospital services, and post-acute care services for an episode of care that begins three days prior to a hospitalization and spans 30 days following discharge. If the pilot program achieves stated goals of improving or not reducing quality and reducing spending, develop a plan for expanding the pilot program. [Establish pilot program by January 1, 2013; expand program, if appropriate, by January 1, 2016]

- Establish a national Medicare pilot program to develop and evaluate paying a bundled payment for acute, inpatient hospital physician services, outpatient hospital services, and post-acute care services for an episode of care that begins three days prior to a hospitalization and spans 30 days following discharge. If the pilot program achieves stated goals of improving or not reducing quality and reducing spending, develop a plan for expanding the pilot program. [Establish pilot program by January 1, 2013; expand program, if appropriate, by January 1, 2016]

- Require the Secretary to develop a plan to reform Medicare payments for post-acute services, including bundled payments, to improve the coordination, quality and efficiency of such services and improve outcomes. [Effective January 1, 2011]

- Create the Independence at Home demonstration program to provide high-need Medicare beneficiaries with primary care services in their home and allow participating teams of health professionals to share in any savings if they reduce preventable hospitalizations, prevent hospital readmissions, improve health outcomes, improve the efficiency of care, reduce the cost of health care services, and achieve patient satisfaction. [Effective January 1, 2012]

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- Require the Institute of Medicine to conduct a study on geographic adjustment factors in Medicare and require the Secretary to issue regulations to revise the geographic adjustment factors based on the recommendations. [Report due one year following enactment; proposed regulations issued following submission of report]

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IMPROVING QUALITY/HEALTH SYSTEM PERFORMANCE (continued)

Medicare (continued)

- Establish a hospital value-based purchasing program in Medicare to pay hospitals based on performance on quality measures and extend the Medicare physician quality reporting initiative beyond 2010. [Effective October 1, 2012] Develop plans to implement value-based purchasing programs for skilled nursing facilities, home health agencies, and ambulatory surgical centers. (Reports to Congress due January 1, 2011)

- Establish a hospital value-based purchasing program in Medicare to pay hospitals based on performance on quality measures and extend the Medicare physician quality reporting initiative beyond 2010. [Effective October 1, 2012] Develop plans to implement value-based purchasing programs for skilled nursing facilities, home health agencies, and ambulatory surgical centers. (Reports to Congress due January 1, 2011)

Dual eligibles

- Improve care coordination for dual eligibles by creating a new office within the Centers for Medicare and Medicaid services, the Federal Coordinated Health Care Office, to more effectively integrate Medicare and Medicaid benefits and improve coordination between the federal government and states in order to improve access to and quality of care and services for dual eligibles. (Effective March 1, 2010)

- Require the Secretary to improve coordination of care for dual eligibles through a new office or program within the Centers for Medicare and Medicaid Services. [Report of activities due within one year of enactment]

Medicaid

- Create a new Medicaid state plan option to permit Medicaid enrollees with at least two chronic conditions, one condition and risk of developing another, or at least one serious and persistent mental health condition to designate a provider as a health home. Provide states taking up the option with 90% FMAP for two years. [Effective January 1, 2011]
- Create new demonstration projects in Medicaid to pay bundled payments for episodes of care that include hospitalizations [effective January 1, 2012 through December 31, 2016]; to make global capitated payments to safety net hospital systems [effective fiscal years 2010 through 2012]; to allow pediatric medical providers organized as accountable care organizations to share in cost-savings [effective January 1, 2012 through December 31, 2016]; and to provide Medicaid payments to institutions

- Create a new Medicaid state plan option to permit Medicaid enrollees with at least two chronic conditions, one condition and risk of developing another, or at least one serious and persistent mental health condition to designate a provider as a health home. Provide states taking up the option with 90% FMAP for two years. [Effective January 1, 2011]
- Create new demonstration projects in Medicaid to pay bundled payments for episodes of care that include hospitalizations [effective January 1, 2012 through December 31, 2016]; to make global capitated payments to safety net hospital systems [effective fiscal years 2010 through 2012]; to allow pediatric medical providers organized as accountable care organizations to share in cost-savings [effective January 1, 2012 through December 31, 2016]; and to provide Medicaid payments to institutions

- Expand the role of the Medicaid and CHIP Payment and Access Commission (MACPAC) to include all individuals and require MACPAC to report to Congress on nursing facility payment policies by January 1, 2012 and pediatric sub-specialist payment policies by January 1, 2011. Require reports on the implementation of health reform that relate to Medicaid and CHIP, including the effect of implementation on access. (\$11.8 million in additional funds appropriated beginning January 1, 2010)

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IMPROVING QUALITY/HEALTH SYSTEM PERFORMANCE (continued)

Medicaid (continued)

of mental disease for adult enrollees who require stabilization of an emergency condition (effective October 1, 2011 through December 31, 2015).

- Expand the role of the Medicaid and CHIP Payment and Access Commission to include assessments of adult services (including those dually eligible for Medicare and Medicaid). (\$11 million in additional funds appropriated for fiscal year 2010)

No similar provision.

Primary care

- Strengthen primary care and care coordination by increasing Medicaid payments for primary care providers to 100% of Medicare rates (phased-in beginning in 2010 through 2012) and providing Medicare bonus payments to primary care practitioners (with larger bonuses paid to primary care practitioners serving in health professional shortage areas) beginning January 1, 2011.

National quality strategy

- Develop a national quality improvement strategy that includes priorities to improve the delivery of health care services, patient health outcomes, and population health. Create processes for the development of quality measures involving input from multiple stakeholders and for selecting quality measures to be used in reporting to and payment under federal health programs. (National strategy due to Congress by January 1, 2011)

- Establish the Community-based Collaborative Care Network Program to support consortiums of health care providers to coordinate and integrate health care services, for low-income uninsured and underinsured populations. (Funds appropriated for five years beginning in FY 2011)

- Establish the Center for Quality Improvement to identify, develop, evaluate, disseminate, and implement best practices in the delivery of health care services. Develop national priorities for performance improvement and quality measures for the delivery of health care services. [Effective dates vary]
- Establish the Community-based Collaborative Care Network Program to support consortiums of health care providers to coordinate and integrate health care services, manage chronic conditions, and reduce emergency department use for low-income uninsured and underinsured populations. (Funds appropriated for five years beginning FY 2011)

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IMPROVING QUALITY/HEALTH SYSTEM PERFORMANCE (continued)

Financial disclosure

- Require disclosure of financial relationships between health entities, including physicians, hospitals, pharmacists, other providers, and manufacturers and distributors of covered drugs, devices, biologicals, and medical supplies. [Report due to Congress April 1, 2013]

Disparities

- Require enhanced collection and reporting of data on race, ethnicity, sex, primary language, disability status, and for underserved rural and frontier populations. Also require collection of access and treatment data for people with disabilities. Require the Secretary to analyze the data to monitor trends in disparities. (Effective two years following enactment)

- Require disclosure of financial relationships between health entities, including physicians, hospitals, pharmacists, and other providers, and manufacturers and distributors of covered drugs, devices, biologicals, and medical supplies. [Effective March 2011]

- Reduce racial and ethnic disparities by conducting a study on the feasibility of developing Medicare payment systems for language services, providing Medicare demonstration grants to reimburse culturally and linguistically appropriate services and developing standards for the collection of data on race, ethnicity, and primary language. (Report due to Congress one year following enactment)

PREVENTION/WELLNESS

National strategy

- Establish the National Prevention, Health Promotion and Public Health Council to coordinate federal prevention, wellness, and public health activities. Develop a national strategy to improve the nation's health. [Strategy due one year following enactment]
Create a Prevention and Public Health Fund to expand and sustain funding for prevention and public health programs. (Initial appropriation in fiscal year 2010) Create task forces on Preventive Services and Community Preventive Services to develop, update, and disseminate evidenced-based recommendations on the use of clinical and community prevention services. (Effective upon enactment)
- Establish a grant program to support the delivery of evidence-based and community-based prevention and wellness services aimed at strengthening prevention activities, reducing chronic disease rates and addressing health disparities, especially in rural and frontier areas. [Funds appropriated for five years beginning in FY 2010]

- Develop a national strategy to improve the nation's health through evidenced-based clinical and community-based prevention and wellness activities. Create task forces on Clinical Preventive Services and Community Preventive Services to develop, update, and disseminate evidenced-based recommendations on the use of clinical and community prevention services.
- Establish a grant program to support the delivery of evidence-based and community-based prevention and wellness services aimed at reducing health disparities. Train community health workers to promote positive health behaviors in medically underserved communities. Provide grants to plan and implement programs to prevent obesity among children and their families. [Funds appropriated for five years beginning FY 2011]

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PREVENTION/WELLNESS (continued)

Coverage of preventive services

- Improve prevention by covering only proven preventive services and eliminating cost-sharing for preventive services in Medicare and Medicaid. [Effective January 1, 2011] For states that provide Medicaid coverage for and remove cost-sharing for preventive services recommended by the US Preventive Services Task Force and recommended immunizations, provide a one percentage point increase in the FMAP for these services. Increase Medicare payments for certain preventive services to 100% of actual charges or fee schedule rates. [Effective January 1, 2011]
- Provide Medicare beneficiaries access to a comprehensive health risk assessment and creation of a personalized prevention plan. (Health risk assessment model developed within 18 months following enactment) Provide incentives to Medicare and Medicaid beneficiaries to complete behavior modification programs. [Effective January 1, 2011 or when program criteria is developed, whichever is first] Require Medicaid coverage for tobacco cessation services for pregnant women. [Effective October 1, 2010]
- Require qualified health plans to provide at a minimum coverage without cost-sharing for preventive services rated A or B by the U.S. Preventive Services Task Force, recommended immunizations, preventive care for infants, children, and adolescents, and additional preventive care and screenings for women. [Effective six months following enactment]
- Improve prevention by covering only proven preventive services and eliminating cost-sharing for preventive services in Medicare and Medicaid. [Effective July 1, 2010] Increase Medicare payments for certain preventive services to 100% of actual charges or fee schedule rates. [Effective January 1, 2011]
- Provide Medicare beneficiaries access to a comprehensive health risk assessment and creation of a personalized prevention plan. (Health risk assessment model developed within 18 months following enactment) Provide incentives to Medicare and Medicaid beneficiaries to complete behavior modification programs. [Effective January 1, 2011 or when program criteria is developed, whichever is first] Require Medicaid coverage for tobacco cessation services for pregnant women. [Effective October 1, 2010]
- Require qualified health plans to provide at a minimum coverage without cost-sharing for preventive services rated A or B by the U.S. Preventive Services Task Force, recommended immunizations, preventive care for infants, children, and adolescents, and additional preventive care and screenings for women. [Effective six months following enactment]

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PREVENTION/WELLNESS (continued)

Wellness programs

- Provide grants for up to five years to small employers that establish wellness programs. (Funds appropriated for five years beginning in fiscal year 2011)
- Provide technical assistance and other resources to evaluate employer-based wellness programs. Conduct a national worksite health policies and programs survey to assess employer-based health policies and programs. (Conduct study within two years following enactment)
- Permit employers to offer employees rewards—in the form of premium discounts, waivers of cost-sharing requirements, or benefits that would otherwise not be provided—of up to 30% of the cost of coverage for participating in a wellness program and meeting certain health-related standards. Employers must offer an alternative standard for individuals for whom it is unreasonable difficult or inadvisable to meet the standard. The reward limit may be increased to 50% of the cost of coverage if deemed appropriate. (Effective January 1, 2014) Establish 10-state pilot programs by July 2014 to permit participating states to apply similar rewards for participating in wellness programs in the individual market and expand demonstrations in 2017 if effective. Require a report on the effectiveness and impact of wellness programs. (Report due three years following enactment)

- Provide grants for up to five years to small employers that establish wellness programs. (Funds appropriated for five years beginning in fiscal year 2011)
- Provide technical assistance and other resources to evaluate employer-based wellness programs. Conduct a national worksite health policies and programs survey to assess employer-based health policies and programs. (Conduct study within two years following enactment)
- Permit employers to offer employees rewards—in the form of premium discounts, waivers of cost-sharing requirements, or benefits that would otherwise not be provided—of up to 30% of the cost of coverage for participating in a wellness program and meeting certain health-related standards. Employers must offer an alternative standard for individuals for whom it is unreasonable difficult or inadvisable to meet the standard. The reward limit may be increased to 50% of the cost of coverage if deemed appropriate. (Effective January 1, 2014) Establish 10-state pilot programs by July 2014 to permit participating states to apply similar rewards for participating in wellness programs in the individual market and expand demonstrations in 2017 if effective. Require a report on the effectiveness and impact of wellness programs. (Report due three years following enactment)

- Provide wellness grants for up to three years to small employers for up to 50% of costs incurred for a qualified wellness program. (Effective July 1, 2010)

Nutritional information

- Require chain restaurants and food sold from vending machines to disclose the nutritional content of each item. (Proposed regulations issued within one year of enactment)

- Require chain restaurants and food sold from vending machines to disclose the nutritional content of each item. (Proposed regulations issued within one year of enactment)

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LONG-TERM CARE

CLASS Act

- Establish a national, voluntary insurance program for purchasing community living assistance services and supports (CLASS program). Following a five-year vesting period, the program will provide individuals with functional limitations a cash benefit of not less than an average of \$50 per day to purchase non-medical services and supports necessary to maintain community residence. The program is financed through voluntary payroll deductions: all working adults will be automatically enrolled in the program, unless they choose to opt-out. (Effective January 1, 2011)
- Establish a national, voluntary insurance program for purchasing community living assistance services and supports (CLASS program). Following a five-year vesting period, the program will provide individuals with functional limitations a cash benefit of not less than an average of \$50 per day to purchase non-medical services and supports necessary to maintain community residence. The program is financed through voluntary payroll deductions: all working adults will be automatically enrolled in the program, unless they choose to opt-out. (Effective January 1, 2011)
- Establish a national, voluntary insurance program for purchasing community living assistance services and supports (CLASS program). Following a five-year vesting period, the program will provide individuals with functional limitations a cash benefit of not less than an average of \$50 per day to purchase non-medical services and supports necessary to maintain community residence. The program is financed through voluntary payroll deductions: all working adults will be automatically enrolled in the program, unless they choose to opt-out. (Effective 2010)

No similar provision.

Medicaid

- Extend the Medicaid Money Follows the Person Rebalancing Demonstration program through September 2016 (effective 30 days following enactment) and allocate \$10 million per year for five years to continue the Aging and Disability Resource Center initiatives (funds appropriated for fiscal years 2010 through 2014).
- Provide states with new options for offering home and community-based services through a Medicaid state plan rather than through a waiver for individuals with incomes up to 300% of the maximum SSI payment and who have a higher level of need and permit states to extend full Medicaid benefits to individual receiving home and community-based services under a state plan. (Effective October 1, 2010)
- Establish the Community First Choice Option in Medicaid to provide community-based attendant supports and services to individuals with disabilities who require an institutional level of care. Provide states with an enhanced federal matching rate of an additional six percentage points for reimbursable expenses in the program. Sunset the option after five years. (Effective October 1, 2011)
- Extend the Medicaid Money Follows the Person Rebalancing Demonstration program through September 2016 (effective 30 days following enactment) and allocate \$10 million per year for five years to continue the Aging and Disability Resource Center initiatives (funds appropriated for fiscal years 2010 through 2014).
- Provide states with new options for offering home and community-based services through a Medicaid state plan rather than through a waiver for individuals with incomes up to 300% of the maximum SSI payment and who have a higher level of need and permit states to extend full Medicaid benefits to individual receiving home and community-based services under a state plan. (Effective October 1, 2010)
- Establish the Community First Choice Option in Medicaid to provide community-based attendant supports and services to individuals with disabilities who require an institutional level of care. Provide states with an enhanced federal matching rate of an additional six percentage points for reimbursable expenses in the program. Sunset the option after five years. (Effective October 1, 2010)

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LONG-TERM CARE (continued)

No similar provision.

Medicaid (continued)

- Create the State Balancing Incentive Program to provide enhanced federal matching payments to eligible states to increase the proportion of non-institutionally-based long-term care services. Selected states will be eligible for FMAP increases for medical assistance expenditures for non-institutionally-based long-term services and supports. (Effective October 1, 2011 through September 30, 2015)

No similar provision.

No similar provision.

- Establish a three-year demonstration program in four states to evaluate the effectiveness of recommended core competencies for personal and home care aides and training curriculum and methods to provide long-term services and supports. (Demonstration program established within 180 days of issuance of recommendations)

Demonstration programs

Skilled nursing facility requirements

- Require skilled nursing facilities under Medicare and nursing facilities under Medicaid to disclose information regarding ownership, accountability requirements, and expenditures. Publish standardized information on nursing facilities to a website so Medicare enrollees can compare the facilities. (Effective dates vary)

- Improve transparency of information about skilled nursing facilities and nursing facilities. (Disclosure reporting regulations issued within two years of enactment; reporting of information required 90 days after regulations are issued)

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OTHER INVESTMENTS

Medicare

- * Make improvements to the Medicare program:
 - Provide a \$250 rebate to Medicare beneficiaries who reach the Part D coverage gap in 2010 (Effective January 1, 2010);
 - Phase down gradually the beneficiary coinsurance rate in the Medicare Part D coverage gap from 100% to 25% by 2020:
 - * For brand-name drugs, require pharmaceutical manufacturers to provide a 50% discount on prescriptions filled in the Medicare Part D coverage gap beginning in 2011, in addition to federal subsidies of 25% of the brand-name drug cost by 2020 (phased in beginning in 2013)
 - * For generic drugs, provide federal subsidies of 75% of the generic drug cost by 2020 for prescriptions filled in the Medicare Part D coverage gap (phased in beginning in 2011);
 - Make Part D cost-sharing for full-benefit dual eligible beneficiaries receiving home and community-based care services equal to the cost-sharing for those who receive institutional care (Effective no earlier than January 1, 2012);
 - Expand Medicare coverage to individuals who have been exposed to environmental health hazards from living in an area subject to an emergency declaration made as of June 17, 2009 and have developed certain health conditions as a result (Effective upon enactment);
 - Provide a 10% bonus payment to primary care physicians and to general surgeons practicing in health professional shortage areas, from 2011 through 2015; and
 - Prohibit Medicare Advantage plans from imposing higher cost-sharing requirements for some Medicare covered benefits than is required under the traditional fee-for-service program. (Effective January 1, 2011)

- * Make improvements to the Medicare program:
 - Increase the Part D initial coverage limit by \$500 for 2010 to reduce the size of the coverage gap (Effective January 1, 2010);
 - Provide a 50% discount on brand-name prescriptions filled in the Medicare Part D coverage gap for enrollees, other than those who receive low-income subsidies and those with incomes above \$85,000/individual and \$170,000/couple (Effective July 1, 2010);
 - Make Part D cost-sharing for full-benefit dual eligible beneficiaries receiving home and community-based care services equal to the cost-sharing for those who receive institutional care (Effective no earlier than January 1, 2012);
 - Expand Medicare coverage to individuals who have been exposed to environmental health hazards from living in an area subject to an emergency declaration made as of June 17, 2009 and have developed certain health conditions as a result (Effective upon enactment);
 - Provide a 10% bonus payment to primary care physicians and to general surgeons practicing in health professional shortage areas, from 2011 through 2015; and
 - Prohibit Medicare Advantage plans from imposing higher cost-sharing requirements for some Medicare covered benefits than is required under the traditional fee-for-service program. (Effective January 1, 2011)
- * Make improvements to the Medicare program:
 - Modify the initial coverage limit and catastrophic thresholds to reduce the coverage gap by \$500 in 2010 and eventually eliminate the Medicare Part D coverage gap by 2019; require drug manufacturers to provide a 50% discount on brand-name prescriptions filled in the coverage gap. (Effective January 1, 2010);
 - Increase the asset test threshold for Medicare Savings Program and Part D Low-Income Subsidies to \$17,000 per individual and \$34,000 per couple. (Effective 2012)
 - Cover through Medicaid the Part B deductible and cost-sharing for Medicare beneficiaries and cost-sharing for Medicare beneficiaries under age 65 with incomes below 150% FPL (and resources at or below two times the SSI level); finance these costs with 100% federal funding in 2013 and 2014 and 91% federal funding in subsequent years. (Effective January 1, 2013)

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OTHER INVESTMENTS (continued)

Workforce

- Improve workforce training and development:
 - Establish a multi-stakeholder Workforce Advisory Committee to develop a national workforce strategy. (Appointments made by September 30, 2010)
 - Increase the number of Graduate Medical Education (GME) training positions by redistributing currently unused slots, with priorities given to primary care and general surgery and to states with the lowest resident physician-to-population ratios (effective July 1, 2011); increase flexibility in laws and regulations that govern GME funding to promote training in outpatient settings (effective July 1, 2010); and ensure the availability of residency programs in rural and underserved areas. Establish Teaching Health Centers, defined as community-based, ambulatory patient care centers, including federally qualified health centers and other federally-funded health centers that are eligible for Medicare payments for the expenses associated with operating primary care residency programs. (Initial appropriation in fiscal year 2010)
 - Increase workforce supply and support training of health professionals through scholarships and loans; support primary care training and capacity building; provide state grants to providers in medically underserved areas; train and recruit providers to serve in rural areas; establish a public health workforce loan repayment program; provide medical residents with training in preventive medicine and public health; promote training of a diverse workforce; and promote cultural competence training of health care professionals. (Effective dates vary) Support the development of interdisciplinary mental and behavioral health training

- Improve workforce training and development:
 - Establish a multi-stakeholder Workforce Advisory Committee to develop a national workforce strategy. (Appointments made by September 30, 2010)
 - Increase the number of Graduate Medical Education (GME) training positions by redistributing currently unused slots, with priorities given to primary care and general surgery and to states with the lowest resident physician-to-population ratios (effective July 1, 2011); increase flexibility in laws and regulations that govern GME funding to promote training in outpatient settings (effective July 1, 2010); and ensure the availability of residency programs in rural and underserved areas. Establish Teaching Health Centers, defined as community-based, ambulatory patient care centers, including federally qualified health centers and other federally-funded health centers that are eligible for Medicare payments for the expenses associated with operating primary care residency programs. (Initial appropriation in fiscal year 2010)
 - Increase workforce supply and support training of health professionals through scholarships and loans; support primary care training and capacity building; provide state grants to providers in medically underserved areas; train and recruit providers to serve in rural areas; establish a public health workforce loan repayment program; provide medical residents with training in preventive medicine and public health; promote training of a diverse workforce; and promote cultural competence training of health care professionals. (Effective dates vary) Support the development of interdisciplinary mental and behavioral health training programs

- Improve workforce training and development:
 - Establish a multi-stakeholder Advisory Committee on Health Workforce Evaluation and Assessment to develop and implement a national health workforce strategy. (Funds appropriated beginning FY 2011)
 - Reform Graduate Medical Education to increase training of primary care providers by redistributing residency positions and promote training in outpatient settings, including through a Teaching Health Center demonstration project. (Effective July 1, 2011)
 - Support training of health professionals through scholarships and loans; establish a primary care training and capacity building program; establish a loan repayment program for professionals who work in health professions needs areas; establish a public health workforce corps; promote training of a diverse workforce; and provide cultural competence training for health care professionals. Support the development of interdisciplinary mental and behavioral health training programs and establish a training program for oral health professionals. (Funds appropriated beginning FY 2011)
 - Address the projected shortage of nurses and retention of nurses by increasing the capacity for education, supporting training programs, providing loan repayment and retention grants, and creating a career ladder to nursing.
 - Support the development of interdisciplinary health training programs that focus on team-based models, including medical home models and models that integrate physical, mental, and oral health services. (Funds appropriated beginning FY 2011)

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OTHER INVESTMENTS (continued)

Workforce (continued)

programs (effective fiscal year 2010) and establish a training program for oral health professionals. (Funds appropriated for six years beginning in fiscal year 2010)

- Address the projected shortage of nurses and retention of nurses by increasing the capacity for education, supporting training programs, providing loan repayment and retention grants, and creating a career ladder to nursing. (Initial appropriation in fiscal year 2010) Provide grants for up to three years to employ and provide training to family nurse practitioners who provide primary care in federally qualified health centers and nurse-managed health clinics. (Funds appropriated for five years beginning in fiscal year 2011)
- Support the development of training programs that focus on primary care models such as medical homes, team management of chronic disease, and those that integrate physical and mental health services. (Funds appropriated for five years beginning in fiscal year 2010)

(effective fiscal year 2010) and establish a training program for oral health professionals. (Funds appropriated for six years beginning in fiscal year 2010)

- * Address the projected shortage of nurses and retention of nurses by increasing the capacity for education, supporting training programs, providing loan repayment and retention grants, and creating a career ladder to nursing. (Initial appropriation in fiscal year 2010) Provide grants for up to three years to employ and provide training to family nurse practitioners who provide primary care in federally qualified health centers and nurse-managed health clinics. (Funds appropriated for five years beginning in fiscal year 2011)
- * Support the development of training programs that focus on primary care models such as medical homes, team management of chronic disease, and those that integrate physical and mental health services. (Funds appropriated for five years beginning in fiscal year 2010)

Community health centers and school-based health centers

- *Improve access to care by increasing funding by \$11 billion for community health centers and the National Health Service Corps over five years (effective fiscal year 2011); establishing new programs to support school-based health centers (effective fiscal year 2010) and nurse-managed health clinics (effective fiscal year 2010).*

- Improve access to care by increasing funding for community health centers and the National Health Service Corps (effective fiscal year 2011); establishing new programs to support school-based health centers (effective fiscal year 2011) and nurse-managed health clinics (effective fiscal year 2010).

- Improve access to care by increasing funding by \$12 billion over five years for community health centers; establish new programs to support school-based health centers (effective July 1, 2010) and nurse-managed health centers (effective 2011), and set criteria for the certification of federally qualified behavioral health centers.

Trauma care

- Establish a new trauma center program to strengthen emergency department and trauma center capacity. Fund research on emergency medicine, including pediatric emergency medical research, and develop demonstration programs to design, implement, and evaluate innovative models for emergency care systems. (Funds appropriated beginning in fiscal year 2011)

- Establish a new trauma center program to strengthen emergency department and trauma center capacity. Fund research on emergency medicine, including pediatric emergency medical research, and develop demonstration programs to design, implement, and evaluate innovative models for emergency care systems. (Funds appropriated beginning in fiscal year 2011)

- Establish a new trauma center program to strengthen emergency department and trauma center capacity and to establish new trauma centers in urban areas with substantial trauma related to violent crimes. Create an Emergency Care Coordination Center within HHS; develop demonstration programs to design, implement, and evaluate innovative models for emergency care systems. (Funds appropriated for five years beginning in FY 2011)

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OTHER INVESTMENTS (continued)

Public health and disaster preparedness	<ul style="list-style-type: none"> Establish a commissioned Regular Corps and a Ready Reserve Corps for service in time of a national emergency. [Funds appropriated for five years beginning in fiscal year 2010] 	<ul style="list-style-type: none"> Establish a commissioned Regular Corps and a Ready Reserve Corps for service in time of a national emergency. [Funds appropriated for five years beginning in fiscal year 2010] 	<ul style="list-style-type: none"> Provide grants to each state health department to address core public health infrastructure needs. [Funds appropriated for five years beginning FY 2011] Establish the Public Health Investment Fund for financing designated public health provisions. [Initial appropriation in FY 2011]
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Requirements for non-profit hospitals

<ul style="list-style-type: none"> Impose additional requirements on non-profit hospitals to conduct a community needs assessment every three years and adopt an implementation strategy to meet the identified needs, adopt and widely publicize a financial assistance policy that indicates whether free or discounted care is available and how to apply for the assistance, limit charges to patients who qualify for financial assistance to the amount generally billed to insured patients, and make reasonable attempts to determine eligibility for financial assistance before undertaking extraordinary collection actions. Impose a tax of \$50,000 per year for failure to meet these requirements. (Effective for taxable years following enactment) 	<ul style="list-style-type: none"> Impose additional requirements on non-profit hospitals to conduct a community needs assessment every three years and adopt an implementation strategy to meet the identified needs, adopt and widely publicize a financial assistance policy that indicates whether free or discounted care is available and how to apply for the assistance, limit charges to patients who qualify for financial assistance to the amount generally billed to insured patients, and make reasonable attempts to determine eligibility for financial assistance before undertaking extraordinary collection actions. Impose a tax of \$50,000 per year for failure to meet these requirements. (Effective for taxable years following enactment)
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American Indians

<ul style="list-style-type: none"> Reauthorize and amend the Indian Health Care Improvement Act. [Effective upon enactment] 	<ul style="list-style-type: none"> Reauthorize and amend the Indian Health Care Improvement Act. [Effective upon enactment]
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FINANCING

Financing

<p>CBO estimates the cost of the coverage components of the reconciliation bill in combination with the Patient Protection and Affordable Care Act to be \$940 billion over ten years. These costs are financed through a combination of savings from Medicare and Medicaid and new taxes and fees, including an excise tax on high-cost insurance, which CBO estimates will raise \$32 billion over ten years. CBO estimates the proposal will reduce the deficit by \$138 billion over ten years.</p>	<p>The Congressional Budget Office estimates the cost of the coverage components of the Patient Protection and Affordable Care Act to be \$875 billion over ten years. These costs are financed through a combination of savings from Medicare and Medicaid and new taxes and fees. The net savings from Medicare and Medicaid are estimated to be \$430 billion over ten years and the primary sources of these savings include reductions in updates in Medicare payment rates for hospitals, home health agencies and other providers (other than physicians), reductions in payments to issued by a new independent</p>
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The Congressional Budget Office estimates the net cost of the proposal (less payments from employers and uninsured individuals) to be \$891 billion over ten years. These costs are financed through a combination of savings from Medicare and Medicaid and new taxes and fees. The net savings from Medicare and Medicaid are estimated to be \$396 billion over ten years and the primary sources of these savings include incorporating productivity improvements into Medicare market basket updates, reducing payments to Medicare Advantage plans, changing the Medicaid drug rebate provisions,

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FINANCING (continued)

Financing (continued)

Payment Advisory Board, and increases in Medicare Parts B and D premiums for higher income Medicare beneficiaries, changing the Medicaid drug rebate provisions, and cutting Medicaid and Medicare DSH payments. (See descriptions of cost savings provisions in Cost containment.) The largest source of new revenue will come from an excise tax on high-cost insurance, which CBO estimates will raise \$149 billion over ten years. Additional revenue provisions include fees on certain manufacturers and insurers, an increase in hospital insurance contributions for high high-income taxpayers, and other provisions that will generate \$264 billion over the same time period. (See Tax changes related to health insurance.) CBO estimates the proposal will reduce the deficit by \$118 billion over ten years.

and cutting Medicaid and Medicare DSH payments. (See descriptions of cost savings provisions in Cost containment.) The largest source of new revenue will come from a 5.4% surcharge imposed on families with incomes above \$1,000,000 and individuals with incomes above \$500,000, which is projected to raise \$460 billion in revenue. Additional revenue provisions will generate \$110 billion over the same time period. (See Tax changes related to health insurance.) CBO estimates the proposal will reduce the deficit by \$138 billion over ten years.

Sources of information

<http://www.democraticleader.house.gov/>

<http://www.democrats.senate.gov/>

http://democraticleader.house.gov/members/health_care.cfm

THE HENRY J. KAISER FAMILY FOUNDATION

Headquarters: 2400 Sand Hill Road Menlo Park, CA 94025 650.854.9400 Fax: 650.854.4800
Washington Offices and Barbara Jordan Conference Center: 1330 G Street, NW Washington, DC 20005 202.347.5270 Fax: 202.347.5274

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www.kff.org

Constitution/Statute

Contact: Christie Herrera (202-726-7127 or christie@alco.org)

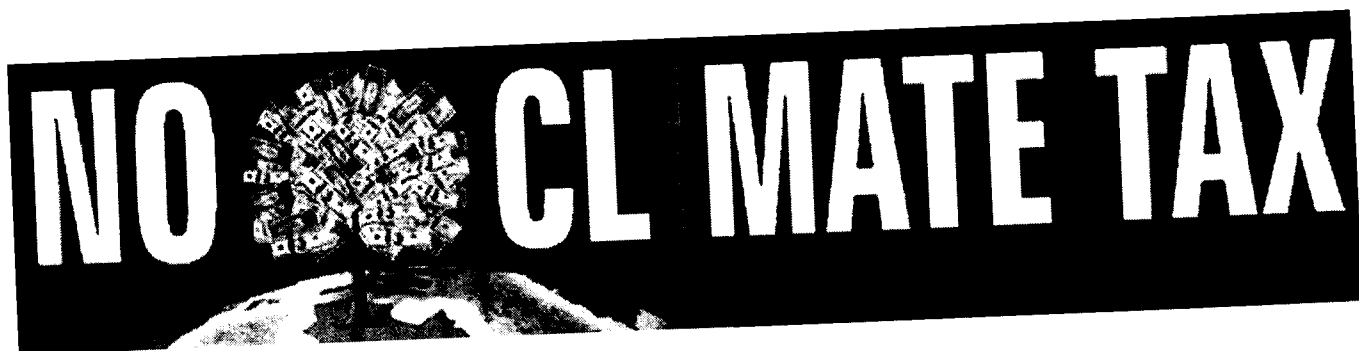
State	Year	Type	Bill	Author	Title	Current Disposition	Location	Status	Constitution/Statute
VA	2010	S	311	Martin (R)	Individual Health Insurance Coverage	Enacted	Chaptered	01/13/2010 - INTRODUCED 01/13/2010 - To SENATE Committee on COMMERCE AND LABOR 01/29/2010 - From SENATE Committee on COMMERCE AND LABOR Reported with amendments 01/28/2010 - Committee amendment adopted on SENATE floor 01/28/2010 - Enacted by SENATE as amended 02/01/2010 - Passed SENATE *****To HOUSE 02/01/2010 - Recommended 02/01/2010 - Passed SENATE *****To HOUSE 02/03/2010 - To HOUSE Committee on COMMERCE AND LABOR 02/03/2010 - From HOUSE Committee on COMMERCE AND LABOR Reported favorably 02/12/2010 - Passed HOUSE 02/11/2010 - Enacted for GOVERNOR'S desk 02/18/2010 - *****Returned to SENATE with GOVERNOR'S recommendations 03/04/2010 - SENATE accepts GOVERNOR'S recommended amendments 03/10/2010 - Acts of Assembly Chapter No. 107 *****Statute	
VA	2010	S	417	Vogel (R)	Individual Health Insurance Coverage	Enacted	Chaptered	01/13/2010 - INTRODUCED 01/13/2010 - To SENATE Committee on COMMERCE AND LABOR 01/29/2010 - From SENATE Committee on COMMERCE AND LABOR Reported with amendments 01/28/2010 - Committee amendment adopted on SENATE floor 01/28/2010 - Enacted by SENATE as amended 02/01/2010 - Passed SENATE *****To HOUSE 02/03/2010 - To HOUSE Committee on COMMERCE AND LABOR 02/03/2010 - From HOUSE Committee on COMMERCE AND LABOR Reported favorably 02/12/2010 - Passed HOUSE 02/11/2010 - Enacted for GOVERNOR'S desk 02/18/2010 - *****Returned to SENATE with GOVERNOR'S recommendations 03/04/2010 - SENATE accepts GOVERNOR'S recommended amendments 03/10/2010 - Acts of Assembly Chapter No. 108 *****Statute	
WA	2009	H	2969	Heale (R)	Washington State Health Care Freedom Act of 2010	Pending	House Health Care and Wellness Committee	01/13/2010 - INTRODUCED 01/13/2010 - In SENATE Hold on First Reading 01/13/2010 - To HOUSE Committee on HEALTH CARE AND WELLNESS *****Statute	
WA	2009	S	0535	Holmquist (R)	Washington State Health Care Freedom Act	Pending	Senate Health & Long-Term Care Committee	01/13/2010 - INTRODUCED 01/13/2010 - To SENATE Committee on HEALTH AND LONG-TERM CARE *****Statute	
WA	2009	SJR	8220	Stevens (R)	Health Care Services	Pending	Senate Health & Long-Term Care Committee	01/13/2010 - INTRODUCED 01/13/2010 - To SENATE Committee on HEALTH AND LONG-TERM CARE *****Constitution	
WI	2009	SJR	62	Leibham (R)	Private Health Care Rights	Pending	Senate Health, Health Insurance, Privacy, Property Tax Relief and Revenue	02/22/2010 - INTRODUCED 02/22/2010 - To SENATE Committee on HEALTH, HEALTH INSURANCE, PRIVACY, PROPERTY TAX RELIEF AND REVENUE *****Constitution	
WV	2010	H	3002	Miller J (R)	Private Contracts for Health Care Services	Pending	House Banking and Insurance Committee	01/06/2010 - PREFILED 01/13/2010 - INTRODUCED 01/13/2010 - To HOUSE Committee on BANKING AND INSURANCE *****Statute	
WV	2010	HJR	103	Blair (R)	Healthcare Freedom Amendment	Pending	House Constitutional Revision Committee	02/05/2010 - INTRODUCED 02/05/2010 - To HOUSE Committee on CONSTITUTIONAL REVISION *****Constitution	
WY	2010	SJR	1	Hinges (R)	Health Care	Failed	Withdrawn from further consideration	01/27/2010 - PREFILED 02/08/2010 - INTRODUCED 02/09/2010 - Withdrawn from further consideration *****Constitution	

ALEC Status Update: Freedom of Choice in Health Care Act Status (as of 3/16/2019)

[illegible]

ALEC Status Update: Freedom of Choice in Health Care Act Status (as of 3/19/2010)

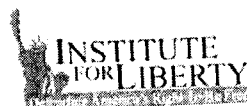
State	Year	Type	Bill	Author	Title	Current Disposition	Location	Status	Constitution/Statute
VA	2010	S	311	Martin (R)	Individual Health Insurance Coverage	Enacted	Chaplered	01/13/2010 - INTRODUCED 01/13/2010 - To SENATE Committee on COMMERCE AND LABOR 01/29/2010 - From SENATE Committee on COMMERCE AND LABOR Reported with amendment 01/29/2010 - Committee amendment adopted on SENATE floor 01/29/2010 - Engrossed by SENATE as amended 02/01/2010 - Passed SENATE *****To HOUSE 02/01/2010 - Recalendarized 02/01/2010 - Passed SENATE *****To HOUSE 02/03/2010 - To HOUSE Committee on COMMERCE AND LABOR 02/09/2010 - From HOUSE Committee on COMMERCE AND LABOR Reported favorably 02/12/2010 - Passed HOUSE 02/11/2010 - Eligible for GOVERNOR'S desk 02/19/2010 - *****To GOVERNOR 03/01/2010 - *****Returned to SENATE with GOVERNOR'S recommendations 03/04/2010 - SENATE accepts GOVERNOR'S recommended amendments 03/10/2010 - HOUSE accepts GOVERNOR'S recommended amendments 03/10/2010 - Acts of Assembly Chapter No. 107 *****	****Statute
VA	2010	S	417	Vogel (R)	Individual Health Insurance Coverage	Enacted	Chaplered	01/13/2010 - INTRODUCED 01/13/2010 - To SENATE Committee on COMMERCE AND LABOR 01/29/2010 - From SENATE Committee on COMMERCE AND LABOR Reported with amendment 01/29/2010 - Committee amendment adopted on SENATE floor 01/29/2010 - Engrossed by SENATE as amended 02/01/2010 - Passed SENATE *****To HOUSE 02/01/2010 - Recalendarized 02/01/2010 - Passed SENATE *****To HOUSE 02/03/2010 - To HOUSE Committee on COMMERCE AND LABOR 02/09/2010 - From HOUSE Committee on COMMERCE AND LABOR Reported favorably 02/12/2010 - Passed HOUSE 02/11/2010 - Eligible for GOVERNOR'S desk 02/19/2010 - *****To GOVERNOR 03/01/2010 - *****Returned to SENATE with GOVERNOR'S recommendations 03/04/2010 - SENATE accepts GOVERNOR'S recommended amendments 03/10/2010 - HOUSE accepts GOVERNOR'S recommended amendments 03/10/2010 - Acts of Assembly Chapter No. 108 *****	****Statute
WA	2009	H	2999	Hinkle (R)	Washington State Health Care Freedom Act of 2010	Pending	House Health Care and Wellness Committee	01/13/2010 - INTRODUCED 01/13/2010 - In SENATE Held on First Reading 01/13/2010 - To HOUSE Committee on HEALTH AND LONG-TERM CARE *****	****Statute
WA	2009	S	6535	Holmquist (R)	Washington State Health Care Freedom Act	Pending	Senate Health & Long-Term Care Committee	01/13/2010 - INTRODUCED 01/13/2010 - To SENATE Committee on HEALTH AND LONG-TERM CARE *****	****Statute
WA	2009	SJR	R220	Stevens (R)	Health Care Services	Pending	Senate Health & Long-Term Care Committee	01/14/2010 - INTRODUCED 01/14/2010 - To SENATE Committee on HEALTH AND LONG-TERM CARE *****	****Constitution
WI	2009	SJR	02	Loebham (R)	Private Health Care Rights	Pending	Senate Health Insurance, Privacy, Property Tax Relief and Revenue Committee	02/22/2010 - INTRODUCED 02/22/2010 - To SENATE Committee on HEALTH HEALTH INSURANCE, PRIVACY, PROPERTY TAX RELIEF, AND REVENUE *****	****Constitution
WV	2010	H	3002	Miller J (R)	Private Contracts for Health Care Services	Pending	House Banking and Insurance Committee	01/06/2010 - PHEFTED 01/13/2010 - INTRODUCED 01/13/2010 - To HOUSE Committee on BANKING AND INSURANCE *****	****Statute
WV	2010	HJR	103	Blew (R)	Healthcare Freedom Amendment	Pending	House Constitutional Revision Committee	02/05/2010 - INTRODUCED 02/05/2010 - To HOUSE Committee on CONSTITUTIONAL REVISION *****	****Constitution
WY	2010	SJR	1	Hings (R)	Health Care	Failed	Withdrawn from further consideration	01/27/2010 - PHEFTED 02/26/2010 - INTRODUCED 02/26/2010 - Withdrawn from further consideration *****	****Constitution



AMERICANS FOR PROSPERITY[®]



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NoClimateTax.com Pledge

I, _____, pledge to the taxpayers of the State of _____ and to the American people that I will oppose any legislation relating to climate change that includes a net increase in government revenue.

Signed By: _____ Date: _____
Printed Name: _____
Witness Signature: _____
Witness Printed Name: _____

Please email, fax, or mail signed pledge to Phil Kerpen:

Email: pkerpen@afphq.org

Fax: (202) 478-0343

Americans for Prosperity
2111 Wilson Blvd., Suite 350
Arlington, VA 22201

2010 SPRING TASK FORCE SUMMIT
APRIL 2010

OH	TOTAL	
D1	Mr. Bruce Johnson	BP

STATE	DATE	BAL.
Ohio	12/31/09 \$	19,385.70
Current Balance		\$ 19,385.70

CREDIT

DEBIT

Current ALEC Members				3/3/2010	Paid Thru Date:
State:	OH				
2009					
112789	LM	Rep.	Andrew Ciafardini		12/31/2009
109032	LM	Rep.	Courtney E. Combs		12/31/2009
		2			
2010					
112197	LM	Rep.	John P. Adams		12/31/2010
5988	LM	Rep.	Ron Amstutz		12/31/2010
112876	LM	Rep.	Kevin Bacon		12/31/2010
112464	LM	Rep.	Williams G. Batchelder, III		12/31/2010
35090	LM	Rep.	Louis W. Blessing, Jr.		12/31/2010
117023	LM	Rep.	Terry R. Boose		12/31/2010
109519	LM	Rep.	Danny R. Bubp		12/31/2010
100503	LM	Sen.	Stephen P. Buehrer		12/31/2010
117029	LM	Rep.	Dave Burke		12/31/2010
15786	LM	Sen.	John A. Carey		12/31/2010
110016	LM	Rep.	Bill P. Coley, II		12/31/2010
103247	LM	Rep.	Thom Collier		12/31/2010
117022	LM	Rep.	Timothy Derickson		12/31/2010
106761	LM	Rep.	Clyde M. Evans		12/31/2010
103243	LM	Sen.	Keith L. Faber		12/31/2010
111902	LM	Rep.	Bruce W. Goodwin		12/31/2010
117030	LM	Rep.	Robert D. Hackett		12/31/2010
115745	LM	Rep.	Dave Hall		12/31/2010
111885	LM	Rep.	Cliff Hite		12/31/2010
112451	LM	Rep.	Matt Huffman		12/31/2010
103210	LM	Sen.	Jim Hughes		12/31/2010
112891	LM	Rep.	Shannon Jones		12/31/2010
117004	LM	Rep.	Kris Jordan		12/31/2010
117017	LM	Rep.	Peggy Lehner		12/31/2010
115783	LM	Rep.	Ronald Maag		12/31/2010
115744	LM	Rep.	Jarrold Martin		12/31/2010
115731	LM	Rep.	Seth A. Morgan		12/31/2010
103238	LM	Sen.	Tom Niehaus		12/31/2010
106742	LM	Sen.	Thomas F. Patton		12/31/2010
115766	LM	Rep.	Barbara Sears		12/31/2010
111903	LM	Sen.	William Seitz		12/31/2010
115746	LM	Rep.	Todd Snitchler		12/31/2010
112899	LM	Rep.	Gerald L. Stebelton		12/31/2010
110021	LM	Rep.	Joseph W. Uecker		12/31/2010
6079	LM	Rep.	Lynn R. Wachtmann		12/31/2010
112211	LM	Rep.	Jim Zehringer		12/31/2010
		36			
2011					
118983	LM	Rep.	Peter A. Beck		12/31/2011
		1			
2012					
106765	LM	Sen.	Robert Gibbs		12/31/2012
117037	LM	Sen.	Karen L. Gillmor		12/31/2012

109602	LM	Sen.	Mark D. Wagoner	12/31/2012
		3		
2999				
6076	LE	Mr.	Dale N. Van Vyven	12/31/2999
		1		
OH	Total			43

Net Neutrality

Don't subject the Internet to politicians, bureaucracies

BY CARL GIPSON

Four years ago, the Federal Communications Commission (FCC) issued an advisory statement that laid out four principles of government regulation of the Internet. The principles—which have no statutory authority—include the right of consumers to access lawful Internet content of their choice; the right to run applications and services of their choice; the right to connect legal devices that do not harm networks; and competition among network, application, service and content providers.

New FCC Chairman Julius Genachowski, with strong backing from the Obama administration, is pushing for this “statement of principles” to become enforceable regulations, along with two other rules that would regulate how Internet Service Providers (ISPs) manage their own networks, whether wired or wireless, and require ISPs to be “transparent” about their network management practices.

Supporters of the concept of Net Neutrality tout their desire for openness and competition while guaranteeing consumer access to data and content.

However, as innocuous as the proposed FCC rules might sound—who could be against network management transparency and access to legal content?—subjecting the Internet and

ISPs to an entire new regulatory structure threatens to curtail the explosive growth of the Internet. This is ironic, given that one of the Obama administration's goals is to accelerate broadband deployment to Americans—a goal which will cost ISPs tens of billion of dollars.

Since the beginning of the commercial Internet in the early 1990s, most consumers accessed it via an all-you-can-eat data subscription plan; e.g., everyone pays the same subscription price per month for as much data as you want. As technology advanced consumers began using more data. This culminated in such services as Napster and BitTorrent, peer-2-peer services (P2P) that allowed direct sharing of large files between two consumers. Often, the P2P connections resulted in sharing pirated copyright material such as movies and music (but that is a whole other conversation).

Internet Service Providers, in order to lessen the disproportionate impact that the P2Pers were having on the network, began looking into ways of protecting other consumers whose connections were being slowed down by the P2P bandwidth hogs. Some of the ideas floated or adopted include usage caps, and tiered pricing—the ability to pay more for faster, better service. Some of the scare tactics Net Neutrality sup-

porters use have never, in actuality, occurred. There have been no instances in the United States where consumers cannot access legal content, control of the Internet has not been wrested away from the people into the hands of greedy corporations. No one controls the Internet, and no one, including the government, should.

Need proof that the Internet has not suffered from a lack of strong regulatory oversight? Look at the immense growth rate of both users and data since the turn of the century. In the year 2000, only 5.1 million Americans subscribed to broadband connections. At that time broadband often meant a 1Mbps download connection for cable subscribers, or a paltry 500Kbps connection for DSL users.

In 2000 there was no YouTube, no Facebook or Twitter, no Netflix or Amazon.com streaming video services, no Blackberry or iPhone. These types of innovations simply would not have worked. The capacity to carry that kind of data did not exist, nor did the demand.

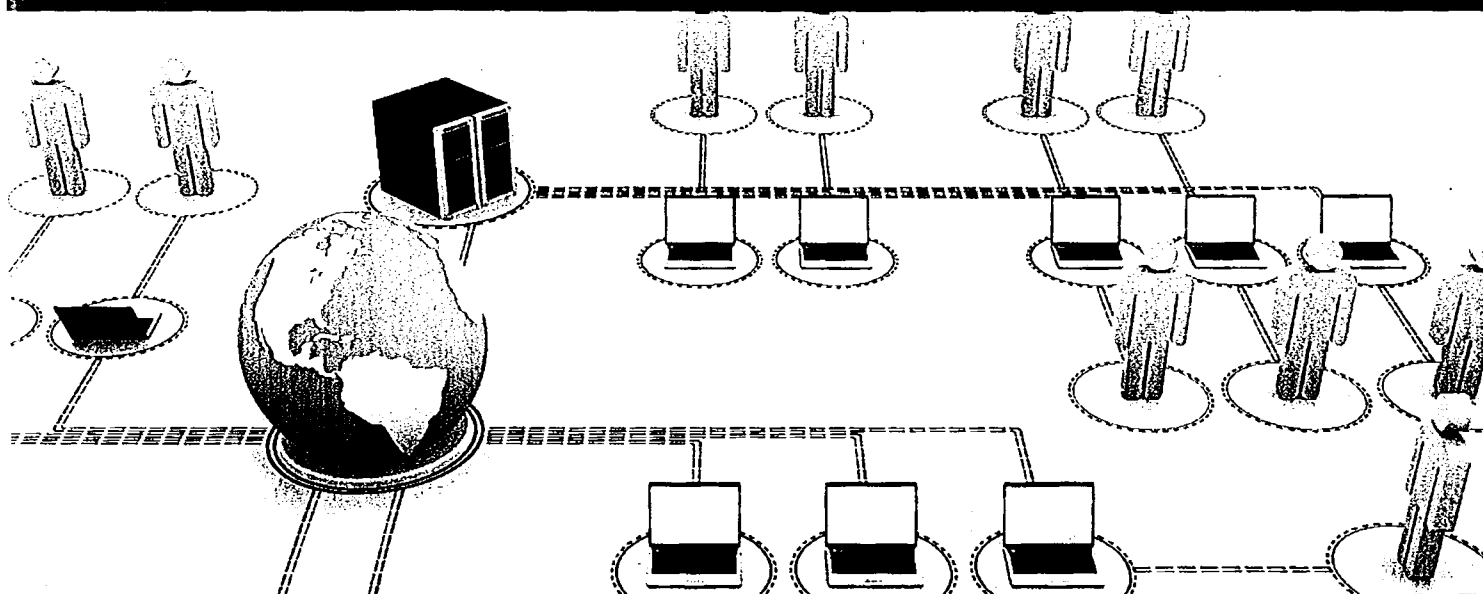
Contrast that with 2008 after broadband usage, both wired and wireless (wireless data connections were barely a thought in 2000) had experienced a 500-fold increase in just eight years. Today there are over 80 million households subscribing to broadband.

Looking forward there will be a leveling off in the rate in increase of broadband users, but data demands will continue to skyrocket, particularly in the mobile broadband arena. Cisco Systems estimates that the Internet in 2012 will



Carl Gipson is the director of Washington Policy Center's Technology and Telecommunications Project and a member of ALEC's Telecommunications and Information Technology Task Force.

www.washingtonpolicy.org
(206) 937-9691



AN ALEC LETTER TO THE FCC

In January, ALEC delivered a letter to the Federal Communications Commission opposing proposed network neutrality regulation. The state lawmakers expressed serious concerns that the unintended consequences of the proposed federal regulatory expansion into the Internet will harm states' economies. ALEC's letter was signed by 91 legislators from 36 states.

The ALEC letter described the proposed network neutrality regulation as "an unprecedented foray into government control of broadband private networks and the Internet" that could result in economic slowdown and setback in the states. "If adopted, extensive regulatory control and uncertainties will harm innovation, stifle investment, and curtail job growth. We believe that unintended consequences stemming from the draft rules will be detrimental to our states' economies and forestall marketplace recovery."

be 75 times larger than it was in 2002—and that Internet traffic will generate the equivalent of seven billion DVDs each month. Cisco also estimates that Internet video in 2012 will be nearly 400 times the size of the entire U.S. Internet backbone in 2000.

Given this spectacular growth, a new regulatory structure like that pushed by Net Neutrality proponents makes no economic sense. When a powerful third party, such as a federal agency, regulates a limited resource, such as broadband capacity, the market itself becomes subject to political whims and special-interest carve-outs, which will only harm

consumers.

Unfortunately, several state and city officials around the nation have also tried to get in on the act of regulating the Internet in their small jurisdiction. It seems regulatory proliferation in this area knows no bounds. Fortunately, courts have time and again rebuffed efforts at anything less than federal regulatory authority. As a result, some states and cities are petitioning the FCC to move forward with Net Neutrality.

No one would disagree that the growth of the Internet has been anything less than transformative for our society and economy, which has hap-

pened with minimal government interference. It will continue to grow if we leave it alone. Regulating an industry to achieve peace of mind comes at a price—most often that price is paid in missed opportunities and lost innovations and therefore cannot be measured.

With new restrictions in place, innovators will have to overcome artificial barriers and find success despite regulatory obstacles, not because of them.

The federal government should protect intellectual property rights and continue to encourage long-term investment in our online network by keeping the regulatory barrier low. ■

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PRESS RELEASE

For Immediate Release:
February 24, 2010

Contact: Jorge Amselle
(202) 742-8536
jamselle@alec.org

State Legislators To President Obama: We Won't Wait for Our Health Summit Invitation

Washington, D.C.— State sponsors of the nationwide effort to block a government requirement to purchase health insurance today sent a letter to President Obama decrying their exclusion from tomorrow's bipartisan health reform summit.

The letter commends the president for his efforts at bipartisanship but also says "we think you're missing a critical element in this discussion—the ideas of thousands of state legislators." The signers are the sponsors of the Freedom of Choice in Health Care Act, model legislation by the American Legislative Exchange Council (ALEC), the nation's largest nonpartisan individual membership association of state legislators.

Today, 36 states have introduced the ALEC model to protect patients' rights to pay directly for medical care, and to prohibit the government from forcing individuals to purchase government-approved health insurance. The measure has already passed with bipartisan support in houses of the Idaho, Virginia and Tennessee legislatures, and will appear as a ballot question before Arizona voters in November. In other states, the initiative is quickly moving through various legislative committees.

State legislators across the country continue to express concern about what effect any federal legislation will have on states efforts to implement their own health care reforms and especially what effect a proposed individual or employer mandate will have on their citizens and small businesses.

The signers pledged to "pursue our own initiatives—not only to protect health care freedom, but to also increase access to quality, affordable health insurance; reduce health costs; and improve the quality of care," according to the letter.

The letter and additional information about ALEC's Freedom of Choice in Health Care Act is available online at www.alec.org.

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MEMBER_	PREFIX	FIRST_NAM	MIDDLE_N.	LAST_NAM	SUFFIX	DESIGNATI	ADDRESS_1	ADDRESS_2
LM	Rep.	John	P.	Adams			1509 Bonair Cir.	
LL	Rep.	Richard		Adams			77 South H 13th Floor	
LM	Rep.	Ron		Amstutz			4456 Wood Lake Trail	
LM	Rep.	Kevin		Bacon			77 South High St.	
LL	Rep.	Nan	A.	Baker			77 South H 10th Floor	
LL	Rep.	Troy		Balderson			77 South H 12th Floor	
LM	Rep.	Williams	G.	Batchelder III			77 S. High St.	
LM	Rep.	Peter	A.	Beck			77 South High Street	
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LM	Rep.	Louis	W.	Blessing Jr.			77 South H 13th Floor	
LM	Rep.	Terry	R.	Boose			77 South H 10th Floor	
LM	Rep.	Danny	R.	Bubp			77 South H 10th Floor	
LM	Sen.	Stephen	P.	Buehrer			704 Green\ Room 125,	
LM	Rep.	Dave		Burke			77 South High St.	
LM	Sen.	John	A.	Carey			Senate Buil Room #127	
LF	Sen.	Gary		Cates			Room 132, First Floor	
LM	Rep.	Andrew		Ciafardini			10838 Lakehurst Ct.	
LM	Rep.	Bill	P.	Coley II			77 South H 10th Floor	
LM	Rep.	Thom		Collier			607 East High Street	
LM	Rep.	Courtney	E.	Combs			1846 New London Roa	
LF	Sen.	Kevin		Coughlin			2324 Iota Avenue	
LF	Rep.	David	T.	Daniels			77 South High Street	
LM	Rep.	Timothy		Derickson			77 South H 13th Floor	
LL	Rep.	Matthew	J.	Dolan			77 South H 13th Floor	
LM	Rep.	Clyde	M.	Evans			77 South High Street	
LM	Sen.	Keith	L.	Faber			Senate Buil Room # 13:	
LF	Rep.	Randy		Gardner			77 South High Street	
LM	Sen.	Robert		Gibbs			6992 TR 466	
LM	Sen.	Karen	L.	Gillmor			Senate Office Building	
LF	Sen.	David		Goodman			Room 039, Ground Flo	
LM	Rep.	Bruce	W.	Goodwin			77 South H 10th Floor	
LF	Sen.	Timothy	J.	Grendell			7413 Tattersall Drive	
LL	Rep.	Cheryl	L.	Grossman			77 South H 13th Floor	
LM	Rep.	Robert	D.	Hackett			77 South H 11th Floor	
LM	Rep.	Dave		Hall			P.O.Box 96	
LL	Sen.	Bill	M.	Harris			Room 201, Second Flo	
LM	Rep.	Cliff		Hite			77 South High St.	
LL	Rep.	Richard		Hollington				
LL	Rep.	Jay		Hottinger			77 South H 13th Floor	
LM	Rep.	Matt		Huffman			540 West Market Stree	
LM	Sen.	Jim		Hughes			4319 Fair Oaks Drive	
LF	Sen.	Jon		Husted			148 Sherbrooke Drive	
LM	Rep.	Shannon		Jones			77 South H 11th Floor	
LM	Rep.	Kris		Jordan			77 South H 14th Floor	
LM	Rep.	Peggy		Lehner			77 South High St.	
LM	Rep.	Ronald		Maag			77 South H 14th Floor	

LL	Rep.	Josh		Mandel	77 South H 12th Floor
LM	Rep.	Jarrold		Martin	2098 Fairknoll Dr.
LL	Rep.	Jeffrey	A.	McClain	77 South H 12th Floor
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LL	Rep.	Robert		Mecklenborg	77 South H 14th Floor
LL	Rep.	Eugene	R.	Miller	77 South H 11th Floor
LL	Sen.	Ray		Miller	Room 228, Second Floor
LM	Rep.	Seth	A.	Morgan	7208 Howland Pl.
LM	Sen.	Tom		Niehaus	1131 Little Indian Cree
LL	Rep.	W.	Scott	Oelslager	77 South H 13th Floor
LM	Sen.	Thomas	F.	Patton	77 South H 13th Floor
LL	Sen.	Tom		Roberts	Room 128, First Floor
LL	Rep.	Margaret	Ann	Ruhl	77 South H 13th Floor
LL	Sen.	Tim		Schaffer	
LL	Sen.	J.	Kirk	Schuring	Room 137, First Floor
LM	Rep.	Barbara		Sears	77 South H 13th Floor
LM	Sen.	William		Seitz	Senate Buil Room #143
LF	Rep.	Shirley	A.	Smith	Room 223, Second Floor
LM	Rep.	Todd		Snitchler	10689 Cleveland Avenue
LL	Rep.	Peter		Stautberg	77 South H 11th Floor
LM	Rep.	Gerald	L.	Stebelton	77 South H 10th Floor
LL	Sen.	Jimmy		Stewart	Room 040, Ground Floor
LM	Rep.	Joseph	W.	Uecker	298 Indianview Drive
LE	Mr.	Dale	N.	Van Vyven	11006 Reading Rd.
LM	Rep.	Lynn	R.	Wachtmann	77 South H 11th Floor
LL	Rep.	Jeff		Wagner	77 South H 12th Floor
LM	Sen.	Mark	D.	Wagoner	3331 Pelham Rd.
LL	Sen.	Chris	R.	Widener	Room 041, Ground Floor
LF	Rep.	Brian	G.	Williams	77 South H 10th Floor
LL	Rep.	Tyrone	K.	Yates	77 South H 11th Floor
LM	Rep.	Jim		Zehringer	77 South H 11th Floor

CITY	STATE_PRC	ZIP	COUNTRY	COMPANY	WORK_PHONE	Fax	FULL_NAME	EMAIL
Sidney	OH	45365		Ohio Legisl	(614) 466-1	(614) 719-3	John P. Ad	kara.joseph
Columbus	OH	43215-6111			(614) 466-8	(614) 719-3	Richard Ad	district79@
Wooster	OH	44691-8582		Ohio Legisl	(614) 466-1	(614) 719-0	Ron Amstu	SD22@mai
Columbus	OH	43215-6111		Ohio Legisl	(614) 644-6	(614) 719-6	Kevin Baco	kbaconohic
Columbus	OH	43215-6111			(614) 466-0	(614) 719-3	Nan A. Bak	district16@
Columbus	OH	43215-6111			(614) 466-6	(614) 719-6	Troy Balder	district94@
Columbus	OH	43215		Ohio Legisl	(614) 466-8	(614) 719-3	Williams G.	district69@
Columbus	OH	43215		Ohio Legisl	(614) 644-6027		Peter A. Be	district67@
Columbus	OH	43215-6111			(614) 466-6	(614) 719-6	Terry Blair	district38@
Columbus	OH	43215-6111			(614) 466-9	(614) 719-3	Louis W. Bl	district29@
Columbus	OH	43215-6111			(614) 466-9	(614) 719-3	Terry R. Bo	terry.boose
Columbus	OH	43215-6111		Ohio Legisl	(614) 644-6	(614) 719-6	Danny R. B	district88@
Columbus	OH	43215		Ohio Legisl	(614) 466-8	(614) 995-1	Stephen P. sd	01@sen
Columbus	OH	43215-6111		Ohio Legisl	(614) 466-8	(614) 719-6	Dave Burke	district83@
Columbus	OH	43215		Ohio Legisl	(614) 466-8	(614) 752-7	John A. Car	SD17@sen.
Columbus	OH	43215			(614) 466-8	(614) 644-9	Gary Cates	SD04@sen.
Cincinnati	OH	45242		Ohio Legislature			Andrew Cia	ciafardini@
Columbus	OH	43215		Ohio Legisl	(614) 466-8	(614) 719-6	Bill P. Coley	wpcoley2@
Mount Vernon	OH	43050		Ohio Legisl	(614) 466-1	(614) 644-9	Thom Colli	rep90@em
Hamilton	OH	45013		Ohio Legisl	(614) 644-6	(614) 719-6	Courtney E	district54@
Cuyahoga Falls	OH	44223			(614) 466-4	(614) 644-9	Kevin Coug	SD27@sen.
Columbus	OH	43215		Ohio Legisl	(614) 466-3	(614) 719-6	David T. Da	district86@
Columbus	OH	43215-6111			(614) 644-5	(513) 304-1	Timothy De	district53@
Columbus	OH	43215-6111			(614) 644-5	(614) 719-6	Matthew J.	district98@
Columbus	OH	43215		Ohio Legisl	(614) 466-1	(614) 719-6	Clyde M. Ev	district87@
Columbus	OH	43215		Ohio Legisl	(614) 466-7	(614) 466-3	Keith L. Fak	SD12@sen.
Columbus	OH	43215		Ohio Legisl	(614) 466-8	(614) 719-0	Randy Garc	district06@
Lakeville	OH	44638		Ohio Legisl	(614) 466-7	(614) 228-1	Robert Gib	bob@bobg
Columbus	OH	43215		Ohio Legisl	(614) 466-8	(614) 466-7	Karen L. Gil	SD26@sen.
Columbus	OH	43215		Ohio Legisl	(614) 466-8	(614) 466-7	David Gooc	SD03@sen.
Columbus	OH	43215		Ohio Legisl	(614) 644-5	(614) 719-3	Bruce W. G	district74@
Chesterland	OH	44026		Ohio Legisl	(614) 644-7	(614) 466-7	Timothy J.	SD18@sen.
Columbus	OH	43215-6111			(614) 466-9	(614) 719-6	Cheryl L. Gi	district23@
Columbus	OH	43215-6111			(614) 466-1	(614) 719-6	Robert D. F	district84@
Millersburg	OH	44654		Ohio Legisl	(330) 231-6	(614) 719-6	Dave Hall	4halls@val
Columbus	OH	43215		Ohio Legisl	(614) 466-8	(614) 466-8	Bill M. Harr	SD19@sen.
Columbus	OH	43215		Ohio Legisl	(614) 466-3	(614) 719-3	Cliff Hite	district76@
Columbus	OH	43215-6111			(614) 466-1	(614) 719-3	Jay Hotting	district71@
Lima	OH	45801		Ohio Legisl	(614) 466-9	(614) 719-0	Matt Huffn	district04@
Columbus	OH	43214		Ohio Legisl	(614) 466-5	(614) 466-0	Jim Hughes	SD16@sen.
Kettering	OH	45429			(614) 466-4	(614) 466-8	Jon Husted	SD06@sen.
Columbus	OH	43215-6111		Ohio Legisl	(614) 644-6	(614) 719-3	Shannon Jc	district67@
Columbus	OH	43215-6111		Ohio Legisl	(614) 644-6	(614) 719-0	Kris Jordan	kris.jordan@
Columbus	OH	43215-6111		Ohio Legisl	(614) 644-6	(614) 719-3	Peggy Lehn	district37@
Columbus	OH	43215		Ohio Legisl	(614) 644-6	(614) 719-3	Ronald Ma	district35@

Columbus OH	43215-6111
Beavercree OH	45431
Columbus OH	43215-6111
Columbus OH	43215
Columbus OH	43215-6111
Columbus OH	43215-6111
Columbus OH	43215
Huber Heig OH	45424
New Richm OH	45157
Columbus OH	43215-6111
Columbus OH	43215
Columbus OH	43215
Columbus OH	43215-6111

Columbus OH	43215
Columbus OH	43215
Columbus OH	43215
Columbus OH	43215
Uniontown OH	44685
Columbus OH	43215-6111
Columbus OH	43215-6111
Columbus OH	43215
Loveland OH	45140
Sharonville OH	45241
Columbus OH	43215
Columbus OH	43215-6111
Toledo OH	43606
Columbus OH	43215
Columbus OH	43215-6111
Columbus OH	43215-6111
Columbus OH	43215

Ohio Legisl (614) 644-€ (614) 719-€ Josh Mand district17@

Ohio Legisl (614) 644-€ (614) 719-€ Jarrod Mar district70@

(614) 644-€ (614) 719-€ Jeffrey A. N district82@

Ohio Legisl (614) 466-€ (614) 719-€ Ross W. M district72@

(614) 466-€ (614) 719-€ Robert Me district30@

Ohio Legisl (614) 466-€ (614) 719-€ Eugene R. I district10@

Ohio Legisl (614) 466-€ (614) 466-€ Ray Miller rmiller@m.

Ohio Legisl (614) 644-€ (614) 719-€ Seth A. Mo district36@

Ohio Legisl (614) 466-€ (614) 466-€ Tom Nieha SD14@sen.

(614) 752-€ (614) 719-€ W. Scott O district51@

Ohio Legisl (614) 466-€ (614) 466-€ Thomas F. SD24@sen.

(614) 466-€ (614) 466-€ Tom Rober troberts@r

(614) 466-€ (614) 719-€ Margaret A district90@

(614) 466-€ (614) 466-€ J. Kirk Schu SD29@sen.

Ohio Legisl (614) 466-€ (614) 719-€ Barbara Se: barbara.se:

Ohio Legisl (614) 466-€ (614) 466-€ William Sei sd08@sen.

(614) 466-€ (614) 644-€ Shirley A. S senatorsmi

Ohio Legisl (614) 466-€ (614) 719-€ Todd Snitcl district50@

(614) 644-€ (614) 719-€ Peter Staut district34@

Ohio Legisl (614) 466-€ (614) 719-€ Gerald L. Si district05@

(614) 466-€ (614) 466-€ Jimmy Stev SD20@sen.

(614) 466-€ (614) 719-€ Joseph W. district66@

Governme (513) 563-€ (513) 563-€ Dale N. Var dvanvyven

Ohio Legisl (614) 466-€ (614) 719-€ Lynn R. Wa district75@

(614) 466-€ (614) 719-€ Jeff Wagne district81@

Ohio Legisl (614) 466-€ (614) 466-€ Mark D. W: SD02@sen.

(614) 466-€ (614) 466-€ Chris R. Wi SD10@sen.

(614) 644-€ (614) 719-€ Brian G. Wi district41@

(614) 466-€ (614) 719-€ Tyrone K. Y district33@

Ohio Legisl (614) 466-€ (614) 719-€ Jim Zehring district77@

TITLE	ID	MAJOR_KEY LAST_FIRST
Representa	112197	249028
State Repr	117026	271777
Representa	5988	197841
Representa	112876	248893
State Repr	117005	271759
State Repr	117034	271784
Representa	112464	
ohio.state.	118983	
State Repr	117018	271769
State Repr	35090	197808
State Repr	117023	271774
State Repr	109519	226927
Senator	100503	197917
Representa	117029	271780
Senator	15786	197929
State Sena	35279	197891
Representa	112789	
msn.com	110016	226911
Representa	103247	
ohr.state.o	109032	222032
State Sena	35267	197880
ohr.state.o	106760	212486
State Repr	117022	271773
State Repr	110024	226937
ohr.state.o	106761	212482
ate.state.of	103243	206519
ohr.state.o	32334	197838
Senator	106765	
Senator	117037	271757
State Sena	41791	197858
Representa	111902	249013
State Sena	103236	206499
State Repr	117010	271761
State Repr	117030	271781
Representa	115745	
State Sena	104254	197928
Representa	111885	249020
State Repr	15759	197832
ohr.state.o	112451	248880
ate.state.of	103210	206431
State Sena	103220	206444
Representa	112891	248994
State Repr	117004	271758
Representa	117017	271768
Representa	115783	

State Repre	112030	248891
Representa	115744	
State Repre	117028	271779
ohr.state.o	112629	241456
State Repre	117360	259396
Representa	112896	248887
State Senat	104270	197536
Representa	115731	
ate.state.of	103238	206507
State Repre	106751	197830
ate.state.of	106742	214260
State Senat	106009	210007
State Repre	117032	271783

State Senat	116102	197888
Representa	115766	
Senator	111903	
Representa	100493	
Representa	115746	
State Repre	117014	271765
Representa	112899	248882
State Senat	106763	212588
State Repre	110021	226924
Senior Dire	6076	
Representa	6079	197802
State Repre	106756	212480
State Senat	109602	226903
State Senat	106758	212484
State Repre	35266	226901
State Repre	106747	212594
Representa	112211	252817



The Health Care Freedom Act: Questions & Answers

by Clint Bolick, Litigation Director, Goldwater Institute

The Health Care Freedom Act will appear as a proposed constitutional amendment on Arizona's 2010 election ballot, and similar measures are under consideration in more than 30 other states. With the possibility that Congress will enact some sort of national health insurance legislation, questions are being raised about the scope of the Health Care Freedom Act and its effect should a federal bill become law. In the following pages, Clint Bolick, who helped to author the Health Care Freedom Act, answers frequently asked questions.

Q: What is the Health Care Freedom Act?

A: The Health Care Freedom Act is a proposed amendment to the Arizona Constitution that would preserve certain existing rights that individuals have regarding health care. It was initially proposed by two Arizona physicians, Dr. Eric Novack and Dr. Jeffrey Singer, with drafting assistance from the Goldwater Institute. The measure qualified as a voter initiative on the 2008 ballot, and despite a well-financed opposition campaign, it was defeated by less than one-half of 1 percent of the vote. Changes were made to address concerns raised by the opponents, and the Arizona Legislature voted to refer the revised version to the 2010 ballot.

The American Legislative Exchange Council adopted model legislation based on the Arizona measure, and activists and legislators in at least 35 additional states are pursuing constitutional amendments or statutes based on the Arizona model.

Q: What are the key provisions?

A: Although the precise language varies from state to state, the Health Care Freedom Act seeks to protect two essential rights. First, it protects a person's right to participate or not in any health care system, and prohibits the government from imposing fines or penalties on that person's decision. Second, it protects the right of individuals to purchase—and the right of doctors to provide—lawful medical services without government fine or penalty. The Health Care Freedom Act would place these essential rights in the state constitution (or, in some states, it would protect them by statute).

Q: What motivated the Health Care Freedom Act?

A: No one questions the need for serious health care reform. However, the proponents of the Health Care Freedom Act believe that regardless of how such reform is fashioned, either at the state or federal level, the essential rights protected by the Health Care Freedom Act should be preserved. Many advocates of a larger government role in regulating or providing health insurance support a mandate that would compel individuals to join a government-approved health insurance plan, whether or not they can afford it and whether or not the system best fits their needs. In some countries in which government plays a large role in providing health insurance, medical services are rationed and individuals are prevented or discouraged from obtaining otherwise lawful medical services. Supporters of the Health Care Freedom Act have a variety of perspectives on the form that health care reform should take. But they agree that no matter what legislation is passed, it should not take from Americans their precious right to control their own medical affairs.

Q: By what authority can states pass the Health Care Freedom Act?

A: It is well-established that the U.S. Constitution provides a baseline for the protection of individual rights, and that state constitutions may provide additional protections—and all of them do. For instance, some states provide greater protections of freedom of speech or due process rights. Because the Health Care Freedom Act offers greater protection than the federal constitution, states are allowed to enact it.

Q: Does it matter whether the Health Care Freedom Act is passed as a statute or as a constitutional amendment?

A: A state constitution is the organic law of the state, reflecting the most fundamental values shared by the citizens of the state. Moreover, a state constitutional amendment will ensure the state legislature can never infringe upon the protected rights. So a constitutional amendment is preferable, especially to protect against legislative tinkering. However, for purposes of a federalism defense against excessive federal legislation, it should not matter whether the people of the state have acted through their constitution or by statute.

Q: Does the Health Care Freedom Act attempt to “nullify” federal health insurance legislation?

A: Absolutely not. If federal legislation is enacted, individuals would still have the option to participate in federal health insurance programs. This act simply protects a person’s right not to participate.

Q: To the extent that the Health Care Freedom Act conflicts with provisions of federal legislation, isn't the state law automatically preempted by the Supremacy Clause of the U.S. Constitution?

A: No. In any clash between state and federal provisions, at least four federal constitutional provisions are relevant. The Supremacy Clause establishes the Constitution as the supreme law of the land and provides that federal laws prevail over conflicting state laws where Congress has the legitimate authority to enact the legislation and where it does not impermissibly tread upon state sovereignty. The federal government will have to demonstrate that its legislation legitimately is derived from congressional authority to regulate interstate commerce. It will also have to show the legislation does not violate the 10th Amendment, which reserves to the states all government power not expressly delegated to the national government; and the 11th Amendment, which protects states from being used as mere instrumentalities of the national government. This constitutional construct is known as federalism.

Q: Are certain provisions of proposed federal health care legislation vulnerable to constitutional challenge even without the Health Care Freedom Act?

A: Yes, in at least three ways. First, to the extent that the legislation purports to regulate transactions that do not directly affect interstate commerce, such as mandating insurance for individuals, Congress may lack authority to do so under the Commerce Clause. Several relatively recent decisions by the U.S. Supreme Court have invalidated federal legislation on this basis. In *U.S. v. Lopez* (1995), the Court struck down federal laws that restricted guns in school zones; and in *U.S. v. Morrison*, it struck down a federal statute involving violence against women. In both cases, the Court found the subject matter of the federal laws did not "substantially affect" interstate commerce, so Congress had no power to regulate it under the circumstances presented.

Second, to the extent the legislation interferes with the individual's right to choose health insurance providers, doctors, or lawful medical services, it may violate the right to medical self-determination recognized under the U.S. Constitution. As the Court declared in *Griswold v. Connecticut* (1965), "We have recognized that the special relationship between patient and physician will often be encompassed within the domain of private life protected by the Due Process Clause." Several of the early abortion cases involved what Justice William O. Douglas, concurring in *Doe v. Bolton* (1973), described as the "right to seek advice on one's health and the right to place reliance on the physician of one's choice." Whether or not one agrees with those abortion rulings, they establish a strong basis for challenging certain federal and state intrusions.

Third, several recent decisions have invalidated federal laws that "commandeer" state governments to do their bidding. In *New York v. United States* (1992), for instance, the Court struck down federal rules requiring states to take ownership of certain radioactive waste and to expose themselves to liability. Speaking for the Court, Justice Sandra Day O'Connor ruled that

“no matter how powerful the federal interest involved, the Constitution simply does not give Congress the authority to require the States to regulate.” Tellingly, she added “the Constitution protects us from our own best intentions: It divides power among sovereigns . . . precisely so that we may resist the temptation to concentrate power in one location as an expedient solution to the crisis of the day.” To the extent that federal health insurance legislation forces states to implement its provisions, it could be subject to robust constitutional challenge.

Q: Could the Health Care Freedom Act provide additional protection against federal health insurance legislation that violates protected rights?

A: Yes. Although the federal government usually prevails in federalism clashes, the current U.S. Supreme Court is the most pro-federalism Court in decades. There are no cases precisely on point, but the Court under Chief Justice John Roberts has sided with the states in at least three major recent federalism clashes. In the case most closely on point, *Gonzales v. Oregon* (2006), the Court upheld the state’s “right-to-die” law, which was enacted by Oregon voters, over the objections of the U.S. Attorney General, who argued that federal law pre-empted the state law. Applying “the structure and limitations of federalism,” the Court observed that states have great latitude in regulating health and safety, including medical standards, which are primarily and historically a matter of local concern. Holding that the attorney general’s reading of the federal statute would mark “a radical shift of authority from the States to the Federal Government to define general standards of medical practice in every locality,” the Court interpreted the statute to allow Oregon to protect the rights of its citizens.

Horne v. Flores (2009) considered a measure adopted by Arizona voters to require English immersion as the state’s educational policy for students for whom English is a second language. Lower federal courts had imposed an injunction based on a finding that Arizona was failing to comply with federal bilingual education requirements. The Supreme Court held that injunctions affecting “areas of core state responsibility, such as public education,” should be lifted as quickly as circumstances warrant. It observed that “federalism concerns are heightened when . . . a federal court decree has the effect of dictating state or local budget priorities.” The Court remanded the case to lower courts to reconsider the injunction.

In *Northwest Austin Municipal Utility District No. 1 v. Holder* (2009), the Court examined a challenge to section 5 of the Voting Rights Act, which places certain states and localities in a penalty box, requiring them to obtain “pre-clearance” by the U.S. Department of Justice for any changes that impact voting. The Court was sharply critical of the “federalism costs” imposed upon the covered jurisdictions. It avoided the constitutional question by applying the federal law in a way that allowed the utility district to “bail out” from pre-clearance requirements under section 5.

In each of these cases, the Court sided with states in federalism disputes with the federal government.

Q: Will the Health Care Freedom Act affect future state legislation regarding health insurance?

A: Yes. If it is passed as a constitutional amendment, it would prevent any future legislation that infringes upon the rights protected by the amendment.

Q: Won't this be really expensive for the states to defend in court?

A: The Goldwater Institute has offered to defend the constitutionality of the Health Care Freedom Act at no cost to any state. Because legal challenges would involve purely constitutional issues and would not require expensive trials, to the extent that states become involved in litigation, they should be able to do so within existing Attorney General litigation budgets. Moreover, depending on the details of national health insurance legislation, the cost of federal mandates is likely to far exceed the cost of litigation.

Q: Even if the states and individuals did not prevail in a challenge to intrusive federal health insurance legislation, would there be reasons to support the Health Care Freedom Act?

A: Yes. First, if these rights are given additional protection under state constitutions, they will create an absolute barrier to future state legislation that violates those rights. Moreover, efforts to enact the Health Care Freedom Act send a powerful message to our nation's capitol that people at the grassroots take these rights very seriously and intend to protect them.

Q: Does the Health Care Freedom Act impair drug laws?

A: Absolutely not. It protects the right to purchase or provide "lawful" medical services. It does not limit the power of any government to determine what constitutes lawful medical services.

Q: Does the Health Care Freedom Act affect the issue of abortion?

A: No. Again, to the extent that states may regulate abortion under applicable constitutional doctrine and state or federal law, this measure would not alter that power in any way. The Health Care Freedom Act does, however, prevent the government from forcing individuals into health care systems against their will, and matters of conscience may influence such individual decisions.

Q: Does the Health Care Freedom Act affect Veterans' Administration programs, workers' compensation, Medicare, Medicaid, or state health-care systems?

A: Generally, no. The Health Care Freedom Act leaves intact any rules and regulations that were in place as of January 1, 2009. The only way such programs could be affected is if they are changed in the future in ways that violate the freedom of choice protected by the Health Care Freedom Act.

Q: Will this restrict the government from limiting the choice of providers or imposing other limits for the people who do opt-in to a government health care system?

A: No and yes, respectively. If a person voluntarily joins a government health care system, the government may set the terms and conditions, including choice of providers. However, the government cannot prevent a person from purchasing, or a health care professional from providing, lawful medical services outside that system.

Q: Is the Health Care Freedom Act supported financially by insurance companies?

A: No. Many insurance companies support an individual mandate (requiring individuals to buy health insurance or face government fines), which the Health Care Freedom Act would prohibit. An individual mandate guarantees a customer base to the insurance industry. It is present in some legislative proposals as a means to subsidize health insurance for others. If insurance companies play a role in the battle over the Health Care Freedom Act, we expect they will oppose it, possibly with significant resources.

Q: Are there other ways in which freedom advocates can use state constitutions to protect their liberties?

A: Absolutely. State constitutions are full of provisions unknown to the U.S. Constitution that are designed to protect individual liberty and limit the power of government, such as the line-item veto, anti-monopoly provisions, prohibitions against corporate subsidies ("gift clauses"), constraints against earmarks ("special law clauses"), and the like. Citizens and legislatures can amend their state constitutions to add additional protections; and taxpayers can enforce their state constitutional rights in state courts. State constitutions were intended to be the first line of defense in protecting the freedoms of the people. As the power of government grows at every level, we need to use whatever tools are available to us to safeguard our rights. For more on how state constitutions can protect liberty, see the recent Goldwater Institute report, **"50 Bright Stars: An Assessment of Each State's Constitutional Commitment to Limited Government."**



Questions and Answers: ALEC's *Freedom of Choice in Health Care Act*

For more information, contact Christie Herrera, director of ALEC's Health and Human Services Task Force, at (202) 742-8505 or christie@alec.org.

Why does my state need the *Freedom of Choice in Health Care Act*?

Efforts in our state capitol, and in Washington, are gaining steam to put complete control over your health care in the hands of government bureaucrats and appointed "experts." Government control means you will have less freedom to make the health care choices that are best for you and your family. The *Freedom of Choice in Health Care Act* will protect your health care freedom from these threats.

What does the *Freedom of Choice in Health Care Act* do?

The *Freedom of Choice in Health Care Act* will preserve and protect your right to make your own health care and health insurance choices. Specifically, it would protect your right to pay directly for medical care, and it would prohibit any individual or employer from being penalized for not purchasing government-defined health insurance.

Why should my state's constitution protect the right of patients to pay directly for medical care?

Single-payer systems, like in Canada, make it illegal for citizens to go outside of the government's health care plan and contract for their own medical services. The *Freedom of Choice in Health Care Act* would make this fundamental provision of Canadian-style, single-payer health care unconstitutional.

Patients should have the right to pay directly for medical services with their own money. When consumers control the dollars, they make the treatment decisions. When the government controls the dollars, they make treatment decisions based on what's best for the government, not what's best for the patient.

The consequences of government making medical decisions are often dire, and sometimes deadly. In New Zealand, breast cancer patients were blocked from accessing the lifesaving drug Herceptin because it cost too much. In Sweden the wait for heart surgery can be as long as 25 weeks. In Canada more than 800,000 patients are currently on waiting lists for medical procedures.



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The *Freedom of Choice in Health Care Act* will ensure that patients, not government bureaucrats, decide which doctor to see or what medical treatments to get.

More information about the consequences of single-payer health care can be found in:

* Michael Tanner, "The Grass Is Not Always Greener: A Look at National Health Systems Around the World," Cato Institute Policy Analysis No. 613, March 18, 2008: <http://www.cato.org/pubs/pas/pa-613.pdf>.

* John C. Goodman, Linda Gorman, Devon Herrick, and Robert M. Sade, *Health Care Reform: Do Other Countries Have the Answers?*, National Center for Policy Analysis, March 10, 2009: http://www.ncpa.org/pdfs/sp_Do_Other_Countries_Have_the_Answers.pdf.

* <http://BigGovHealth.org>: A website with "single-payer horror stories" and fact sheets on the U.S. and worldwide infant mortality/life expectancy statistics; whether the U.S. Veterans Administration is a model for health reform; and much more.

Why should my state's constitution block penalties for individuals or employers who don't purchase health insurance?

It is important for people to have health insurance coverage, but a government requirement to purchase health insurance is ineffective, bureaucratic, and costly. The *Freedom of Choice in Health Care Act* would strike at heart of individual and employer mandates—implemented in Massachusetts, Hawaii, and elsewhere—that just don't work.

In Massachusetts—a state that imposed an individual mandate and an employer mandate in 2006—more than 1/3 of their uninsured still don't have coverage; health insurance is 40% more expensive than in the rest of the country; it's getting harder to see a doctor since before "reform" was enacted; and legislators expect a \$2-\$4 billion shortfall over the next decade.

The Massachusetts mandate didn't just affect the uninsured. The Massachusetts government actually told 20% of its already-insured citizens to buy more health insurance, because their existing coverage wasn't "good enough." When the government enforces a requirement for people to buy health insurance, they need to define what "insurance" is. The Cato Institute estimates that a federal individual mandate will force 100 million Americans to drop their existing plans and buy more expensive health insurance that is "good enough" for bureaucrats.

Employer mandates don't yield universal coverage and are harmful for consumers and workers. Hawaii has had a "pay or play" employer mandate for 35 years, and yet the number of uninsured has remained the same because employers shifted jobs to (exempt) part-time employees. And when the government forces businesses to buy health insurance for their



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workers, it really means higher taxes and fewer jobs. When businesses face cost increases, they'll pass on those costs in the form of increased prices, job cuts, or wage freezes.

An individual mandate would harm patients, and an employer mandate would threaten our fragile economy. The *Freedom of Choice in Health Care Act* would protect our citizens from these threats.

More information about the consequences of individual and employer mandates can be found in:

* Michael Tanner, "Massachusetts Miracle or Massachusetts Miserable: What the Failure of the 'Massachusetts Model' Tells Us About Health Reform," Cato Institute Briefing Paper No. 112, June 9, 2009: <http://www.cato.org/pubs/bp/bp112.pdf>.

* Michael F. Cannon, "All the President's Mandates: Compulsory Health Insurance Is A Government Takeover," Cato Institute Briefing Paper No. 114, September 23, 2009: <http://www.cato.org/pubs/bp/bp114.pdf>.

* James Sherk and Robert A. Book, "Employer Health Care Mandates: Taxing Low-Income Workers to Pay for Health Care," Heritage Foundation WebMemo No. 2552, July 21, 2009: http://www.heritage.org/Research/HealthCare/upload/wm_2552.pdf.

Does supporting the *Freedom of Choice in Health Care Act* mean that I favor "free riders" who choose to not purchase health insurance and then show up in the emergency room?

Free riders do present a cost-shifting problem as uncompensated care costs are borne by the already-insured—although researchers estimate uncompensated care to be just 2-3% of overall health costs. The Massachusetts data reveal that at best, an individual mandate didn't affect ER visits at all—and at worst, an individual mandate actually increased ER usage by 17%.

The Massachusetts example shows that an individual mandate alone will not decrease ER usage. One Massachusetts survey reported that although the newly-insured had "insurance coverage" on paper, 90% of them did not have access to care from a non-ER provider. Other reports indicate that average wait times to get appointments with doctors in Boston ranged from 21 days for cardiologists to 70 days for obstetrician-gynecologists. And the Massachusetts Medical Society reports that the average wait to see a primary care doctor is 36 days.

Lawmakers cannot artificially create a growing demand for care without other policies (encouraging "minute clinics," enacting medical liability reform to encourage more doctors to practice, loosening scope of practice laws, etc.) to encourage healthcare supply. And those reforms can be achieved without a bureaucratic, ineffective, and costly requirement to



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purchase health coverage.

More information about the why an individual mandate won't solve the "free rider" problem can be found in:

* Minna Jung, "What Massachusetts Teaches Us About Emergency Departments and Reform," Robert Wood Johnson Foundation's User's Guide to the Health Reform Galaxy Blog, October 5, 2009: <http://rwjfblogs.typepad.com/healthreform/2009/10/what-massachusetts-teaches-us-about-emergency-departments-and-reform.html>.

* Liz Kowalczyk, "ER Visits, Costs in Massachusetts Climb," *Boston Globe*, April 24, 2009: http://www.boston.com/news/local/massachusetts/articles/2009/04/24/er_visits_costs_in_mass_climb/.

Does the Freedom of Choice in Health Care Act only benefit insurance companies?

The *Freedom of Choice in Health Care Act* prohibits the forced purchase of private health insurance plans. This benefits patients, not insurance companies.

How will the Freedom of Choice in Health Care Act affect Medicaid, SCHIP, or Medicare?

The *Freedom of Choice in Health Care Act* will not in any way impact the funding of, or functioning of Medicaid, SCHIP, or Medicare. The language "This section does not affect laws or rules in effect as of January 1, 2009" clarifies this matter. Citizens will be free to participate in any safety net program (Medicaid, Medicare, SCHIP) to which they are entitled, as well as participate in any proposed programs (the public option or the national health insurance exchange) as they do today. The *Freedom of Choice in Health Care Act* simply ensures that citizens are not forced into these programs.

Does the Freedom of Choice in Health Care Act enable my state to block any kind of federal health reform?

No. The *Freedom of Choice in Health Care Act* would not attempt to block implementation of any federal law as long as the federal law does not require an individual/employer mandate, or forbid patients from paying directly for medical services.

Congress is still debating health reform. Doesn't this solve a problem that doesn't yet exist?

Two hundred and twenty years ago, some founders questioned the need for the Bill of Rights to be included in the U.S. Constitution. Eventually, they realized that the Bill of Rights was essential in protecting the people from a powerful central government. Today, the First through Tenth Amendments preserve our freedoms—and the *Freedom of Choice in Health Care Act* will protect our right to health care freedom in the same way.



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But this is more than an issue of federal encroachment. Threats of single-payer health care, or of an individual/employer mandate, also exist at the state level. In 2009, 14 states introduced legislation to enact state-based, single-payer health care. Countless other states have proposed requirements for individuals or employers to purchase health coverage or else pay a fine to the state. The *Freedom of Choice in Health Care Act* would make these state-based assaults on patients' rights unconstitutional.

Does supporting the *Freedom of Choice in Health Care Act* mean that I am against health reform? Doesn't this tie our hands with future reforms?

No. The *Freedom of Choice in Health Care Act* simply states that the cornerstone of any future health care reform must be the preservation and protection of patients' rights.

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GOLDWATER INSTITUTE

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Q: Are certain provisions of proposed federal health care legislation vulnerable to constitutional challenge even without the Health Care Freedom Act?

A: Yes, in at least three ways. First, to the extent that the legislation purports to regulate transactions that do not directly affect interstate commerce, such as mandating insurance for individuals, Congress may lack authority to do so under the Commerce Clause. Several relatively recent decisions by the U.S. Supreme Court have invalidated federal legislation on this basis. In *U.S. v. Lopez* (1995), the Court struck down federal laws that restricted guns in school zones; and in *U.S. v. Morrison*, it struck down a federal statute involving violence against women. In both cases, the Court found the subject matter of the federal laws did not "substantially affect" interstate commerce, so Congress had no power to regulate it under the circumstances presented.

Second, to the extent the legislation interferes with the individual's right to choose health insurance providers, doctors, or lawful medical services, it may violate the right to medical self-determination recognized under the U.S. Constitution. As the Court declared in *Griswold v. Connecticut* (1965), "We have recognized that the special relationship between patient and physician will often be encompassed within the domain of private life protected by the Due Process Clause." Several of the early abortion cases involved what Justice William O. Douglas, concurring in *Doe v. Bolton* (1973), described as the "right to seek advice on one's health and the right to place reliance on the physician of one's choice." Whether or not one agrees with those abortion rulings, they establish a strong basis for challenging certain federal and state intrusions.

Third, several recent decisions have invalidated federal laws that "commandeer" state governments to do their bidding. In *New York v. United States* (1992), for instance, the Court struck down federal rules requiring states to take ownership of certain radioactive waste and to expose themselves to liability. Speaking for the Court, Justice Sandra Day O'Connor ruled that

“no matter how powerful the federal interest involved, the Constitution simply does not give Congress the authority to require the States to regulate.” Tellingly, she added “the Constitution protects us from our own best intentions: It divides power among sovereigns . . . precisely so that we may resist the temptation to concentrate power in one location as an expedient solution to the crisis of the day.” To the extent that federal health insurance legislation forces states to implement its provisions, it could be subject to robust constitutional challenge.

Q: Could the Health Care Freedom Act provide additional protection against federal health insurance legislation that violates protected rights?

A: Yes. Although the federal government usually prevails in federalism clashes, the current U.S. Supreme Court is the most pro-federalism Court in decades. There are no cases precisely on point, but the Court under Chief Justice John Roberts has sided with the states in at least three major recent federalism clashes. In the case most closely on point, *Gonzales v. Oregon* (2006), the Court upheld the state’s “right-to-die” law, which was enacted by Oregon voters, over the objections of the U.S. Attorney General, who argued that federal law pre-empted the state law. Applying “the structure and limitations of federalism,” the Court observed that states have great latitude in regulating health and safety, including medical standards, which are primarily and historically a matter of local concern. Holding that the attorney general’s reading of the federal statute would mark “a radical shift of authority from the States to the Federal Government to define general standards of medical practice in every locality,” the Court interpreted the statute to allow Oregon to protect the rights of its citizens.

Horne v. Flores (2009) considered a measure adopted by Arizona voters to require English immersion as the state’s educational policy for students for whom English is a second language. Lower federal courts had imposed an injunction based on a finding that Arizona was failing to comply with federal bilingual education requirements. The Supreme Court held that injunctions affecting “areas of core state responsibility, such as public education,” should be lifted as quickly as circumstances warrant. It observed that “federalism concerns are heightened when . . . a federal court decree has the effect of dictating state or local budget priorities.” The Court remanded the case to lower courts to reconsider the injunction.

In *Northwest Austin Municipal Utility District No. 1 v. Holder* (2009), the Court examined a challenge to section 5 of the Voting Rights Act, which places certain states and localities in a penalty box, requiring them to obtain “pre-clearance” by the U.S. Department of Justice for any changes that impact voting. The Court was sharply critical of the “federalism costs” imposed upon the covered jurisdictions. It avoided the constitutional question by applying the federal law in a way that allowed the utility district to “bail out” from pre-clearance requirements under section 5.

In each of these cases, the Court sided with states in federalism disputes with the federal government.

Q: Will the Health Care Freedom Act affect future state legislation regarding health insurance?

A: Yes. If it is passed as a constitutional amendment, it would prevent any future legislation that infringes upon the rights protected by the amendment.

Q: Won't this be really expensive for the states to defend in court?

A: The Goldwater Institute has offered to defend the constitutionality of the Health Care Freedom Act at no cost to any state. Because legal challenges would involve purely constitutional issues and would not require expensive trials, to the extent that states become involved in litigation, they should be able to do so within existing Attorney General litigation budgets. Moreover, depending on the details of national health insurance legislation, the cost of federal mandates is likely to far exceed the cost of litigation.

Q: Even if the states and individuals did not prevail in a challenge to intrusive federal health insurance legislation, would there be reasons to support the Health Care Freedom Act?

A: Yes. First, if these rights are given additional protection under state constitutions, they will create an absolute barrier to future state legislation that violates those rights. Moreover, efforts to enact the Health Care Freedom Act send a powerful message to our nation's capitol that people at the grassroots take these rights very seriously and intend to protect them.

Q: Does the Health Care Freedom Act impair drug laws?

A: Absolutely not. It protects the right to purchase or provide "lawful" medical services. It does not limit the power of any government to determine what constitutes lawful medical services.

Q: Does the Health Care Freedom Act affect the issue of abortion?

A: No. Again, to the extent that states may regulate abortion under applicable constitutional doctrine and state or federal law, this measure would not alter that power in any way. The Health Care Freedom Act does, however, prevent the government from forcing individuals into health care systems against their will, and matters of conscience may influence such individual decisions.

Q: Does the Health Care Freedom Act affect Veterans' Administration programs, workers' compensation, Medicare, Medicaid, or state health-care systems?

A: Generally, no. The Health Care Freedom Act leaves intact any rules and regulations that were in place as of January 1, 2009. The only way such programs could be affected is if they are changed in the future in ways that violate the freedom of choice protected by the Health Care Freedom Act.

Q: Will this restrict the government from limiting the choice of providers or imposing other limits for the people who do opt-in to a government health care system?

A: No and yes, respectively. If a person voluntarily joins a government health care system, the government may set the terms and conditions, including choice of providers. However, the government cannot prevent a person from purchasing, or a health care professional from providing, lawful medical services outside that system.

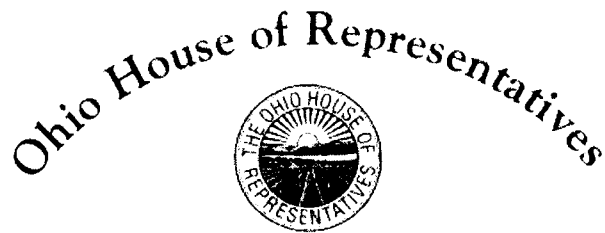
Q: Is the Health Care Freedom Act supported financially by insurance companies?

A: No. Many insurance companies support an individual mandate (requiring individuals to buy health insurance or face government fines), which the Health Care Freedom Act would prohibit. An individual mandate guarantees a customer base to the insurance industry. It is present in some legislative proposals as a means to subsidize health insurance for others. If insurance companies play a role in the battle over the Health Care Freedom Act, we expect they will oppose it, possibly with significant resources.

Q: Are there other ways in which freedom advocates can use state constitutions to protect their liberties?

A: Absolutely. State constitutions are full of provisions unknown to the U.S. Constitution that are designed to protect individual liberty and limit the power of government, such as the line-item veto, anti-monopoly provisions, prohibitions against corporate subsidies ("gift clauses"), constraints against earmarks ("special law clauses"), and the like. Citizens and legislatures can amend their state constitutions to add additional protections; and taxpayers can enforce their state constitutional rights in state courts. State constitutions were intended to be the first line of defense in protecting the freedoms of the people. As the power of government grows at every level, we need to use whatever tools are available to us to safeguard our rights. For more on how state constitutions can protect liberty, see the recent Goldwater Institute report, **"50 Bright Stars: An Assessment of Each State's Constitutional Commitment to Limited Government."**

STATE	DATE	BAL.	CREDIT	DEBIT
Ohio	12/31/08	\$ 34,175.40		
Tom Brinkman, Jr.	01/14/09			1,115.52
John Adams	05/19/09			114.10
Ron Maag	05/06/09			126.20
Todd Snitchler	05/06/09			99.98
Peggy Lehner	05/28/09			37.83
Eli Lilly	06/01/09		1,000.00	
Barbara Sears	07/21/09			1,452.32
Kara Joseph	07/22/09			1,593.52
Danny R. Bulp	07/21/09			1,923.17
Seth Morgan	07/24/09			3,454.36
Joseph Uecker	07/23/09			2,084.48
Todd Snitchler	07/24/09			2,236.04
Courtney Combs	08/03/09			1,625.85
Jarrod B. Martin	08/06/09			2,373.62
Kris Jordan	08/20/09			2,370.16
John Adams	08/14/09			2,379.77
Tom Niehaus	08/10/09			1,802.78
NRA - Institute for Legislative Action	10/05/09		500.00	
Bruce C. Johnson	10/20/09		500.00	
A T & T	10/20/09		500.00	
Greater Cleveland Partnership PAC	10/20/09		500.00	
First Energy Corporation	10/20/09		500.00	
The American Petroleum Institute	10/20/09		1,000.00	
Duke Energy	10/20/09		1,000.00	
American Electric Power	10/20/09		1,000.00	
Columbus Gas of Ohio	10/20/09		1,000.00	
NFIB	10/20/09		1,000.00	
Ohio Cable Telecommunications Association	10/20/09		1,500.00	
Current Balance		\$ 19,385.70		



Ohio House of Representatives

MEMORANDUM

TO: Representative John Adams
Cc: Chad Hawley
FROM: Anthony Brigano
DATE: October 8, 2009
RE: ALEC Super-Majority Act, Tax and Expenditure Limitation, and Independent Revenue Forecasting Draft Bill Analysis

ALEC Super-Majority Act: This model legislation calls for a constitutional provision requiring all tax and license fee impositions and increases to be approved by two-thirds of all members of each House. It provides an exemption if there are insufficient revenues to pay interest on the state's debt.

Concerns: The people of Ohio have elected their legislators to prioritize and make decisions regarding the budget of the state. If this Act becomes a part of the state constitution, it would handcuff and seriously constrain the legislature in their ability to make funding decisions about the state budget. Currently, if there is a tax increase and the people of Ohio are unhappy with those decisions they have the ability to elect new members that reflect their position. Additionally, requiring two-thirds support of all members to increase a fee seems overly burdensome.

Tax and Expenditure Limitation: The TEL is a constitutional amendment designed to limit the growth of state and local government. It links a tax and spending limit to an emergency reserve fund and a budget stabilization fund, and provides for temporary reductions in tax rates and/or tax rebates when surplus revenue accumulates above the tax and spending limit, and the cap on the emergency reserve fund and the budget stabilization reserve fund.

Concerns: Most of the concerns for this constitutional amendment are the same as with the ALEC Super-Majority Act. It is designed to constrain the legislature's ability to grow the size of government, but also impedes their ability to make decisions. Additionally, the TEL amendment would apply to local governments as well and could cause issues with the fiscal stability of these local entities.

Independent Revenue Forecasting: This proposal calls for revenue projections to be performed by a panel not comprised of state employees appointed by the Governor, Speaker and Minority Leader of the House, and President and Minority Leader of the Senate.

Concerns: Revenue projections have been a problem this General Assembly, but a large reason for this is unpredictability due to the severity of the recession. Although the State of Ohio does not have an "independent" panel of appointees to perform revenue projections, but it does have the non-partisan Legislative Service Commission. The Office of Budget and Management also provides revenue projections. Therefore, there are currently two agencies that provide the General Assembly with revenue information, and a third may be too many. Additionally, Leader Batchelder has introduced his bill to reestablish the Legislative Budget Office in order to address this issue.

PREFIX	FIRST_NAME	LAST_NAME	TITLE	COMPANY	ST
Sen.	William	Seitz	Senator	Ohio Legislature	OH

STATE	DATE	BAL.	CREDIT	DEBIT
Ohio	12/31/08	\$ 34,175.40		
Tom Brinkman, Jr.	01/14/09			1,115.52
John Adams	05/19/09			114.10
Ron Maag	05/06/09			126.20
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Peggy Lehner	05/28/09		1,000.00	37.83
Eli Lilly	06/01/09			
Barbara Sears	07/21/09			1,452.32
Kara Joseph	07/22/09			1,593.52
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Joseph Uecker	07/23/09			2,084.48
Todd Snitchler	07/24/09			2,236.04
Courtney Combs	08/03/09			1,625.85
Jarrod B. Martin	08/06/09			2,373.62
Kris Jordan	08/20/09			2,370.16
John Adams	08/14/09			2,379.77
Tom Niehaus	08/10/09			1,802.78
Current Balance		\$ 10,385.70		

Current ALEC Members

10/5/2009

Paid Thru Date:**State: OH****2008**

106760	LM	Rep.	David T. Daniels	12/31/2008
32334	LM	Rep.	Randy Gardner	12/31/2008
112629	LM	Rep.	Ross W. McGregor	12/31/2008

3**2009**

112789	LM	Rep.	Andrew Cifardini	12/31/2009
109032	LM	Rep.	Courtney E. Combs	12/31/2009

2**2010**

112197	LM	Rep.	John P. Adams	12/31/2010
5988	LM	Rep.	Ron Amstutz	12/31/2010
112876	LM	Rep.	Kevin Bacon	12/31/2010
112464	LM	Rep.	Williams G. Batchelder, III	12/31/2010
35090	LM	Rep.	Louis W. Blessing, Jr.	12/31/2010
117023	LM	Rep.	Terry R. Boose	12/31/2010
109519	LM	Rep.	Danny R. Bup	12/31/2010
100503	LM	Sen.	Stephen P. Buehrer	12/31/2010
117029	LM	Rep.	Dave Burke	12/31/2010
15786	LM	Sen.	John A. Carey	12/31/2010
110016	LM	Rep.	Bill P. Coley, II	12/31/2010
103247	LM	Rep.	Thom Collier	12/31/2010
117022	LM	Rep.	Timothy Derickson	12/31/2010
106761	LM	Rep.	Clyde M. Evans	12/31/2010
103243	LM	Sen.	Keith L. Faber	12/31/2010
111902	LM	Rep.	Bruce W. Goodwin	12/31/2010
117030	LM	Rep.	Robert D. Hackett	12/31/2010
115745	LM	Rep.	Dave Hall	12/31/2010
111885	LM	Rep.	Cliff Hite	12/31/2010
112451	LM	Rep.	Matt Huffman	12/31/2010
103210	LM	Sen.	Jim Hughes	12/31/2010
112891	LM	Rep.	Shannon Jones	12/31/2010
117004	LM	Rep.	Kris Jordan	12/31/2010
117017	LM	Rep.	Peggy Lehner	12/31/2010
115783	LM	Rep.	Ronald Maag	12/31/2010
115744	LM	Rep.	Jarrod Martin	12/31/2010
115731	LM	Rep.	Seth A. Morgan	12/31/2010
103238	LM	Sen.	Tom Niehaus	12/31/2010
106742	LM	Sen.	Thomas F. Patton	12/31/2010
115766	LM	Rep.	Barbara Sears	12/31/2010
111903	LM	Sen.	William Seitz	12/31/2010
115746	LM	Rep.	Todd Snitchler	12/31/2010
112899	LM	Rep.	Gerald L. Stebelton	12/31/2010
110021	LM	Rep.	Joseph W. Uecker	12/31/2010
6079	LM	Rep.	Lynn R. Wachtmann	12/31/2010
112211	LM	Rep.	Jim Zehringer	12/31/2010

36**2012**

106765	LM	Sen.	Robert Gibbs	12/31/2012
117037	LM	Sen.	Karen L. Gillmor	12/31/2012
109602	LM	Sen.	Mark D. Wagoner	12/31/2012
		3		
2999				
6076	LE	Mr.	Dale N. Van Vyven	12/31/2999
		1		
OH	Total			45

The Public School Financial Transparency Act

Summary

The Public School Financial Transparency Act would require each local education provider in the state to create and maintain a searchable expenditure and revenue web site database that includes detailed data of revenues and expenditures. It would also require each local education provider to maintain the data for a specified number of years in a format that is easily accessible, searchable and may be downloaded.

Model Legislation

Section 1. {Title} The Public School Financial Transparency Act

Section 2. {Legislative Declaration}

(A) The Legislature finds that:

(1) Taxpayers should have easier access to details regarding how public schools are spending taxpayer dollars; and

(2) Easier access to and storage of electronic data should facilitate increasing transparency in public school financial matters.

(B) Therefore, it is the intent of the Legislature to direct all local education providers to create and maintain a searchable expenditure and revenue web site database detailing financial activities.¹

Section 3. {Definitions} As used in this Act, unless the context otherwise requires:

(A)

(1) "Entity" means a corporation, association, union, limited liability company, limited liability partnership, grantee, contractor, local government, other legal entity including a nonprofit corporation, or an employee of the local education provider.

(2) "Entity" shall not include an individual recipient of public assistance.

(B) "Local education provider"² means:

(1) a school district organized and existing pursuant to law;

(2) a board of cooperative services or intermediate school district;

(3) a publicly-funded agency established by the state for the express purpose of authorizing charter schools;³ or

(4) a public charter school authorized pursuant to state statutes.

(C) "Public record" shall have the same meaning as set forth in state open records laws.

Section 4. {Creation of Searchable Expenditure and Revenue Web Site Databases}

(A) No later than one year⁴ from the enactment of this legislation, each local education provider shall develop, maintain, and make publicly available a single, searchable expenditure and revenue web site database that allows the public at no cost to review information concerning moneys collected and expended by the local education provider.

(B)

(1) The web site database shall include the following data concerning all expenditures made by the local education provider:

(a) The name and principal location or address of the entity receiving moneys, except that information concerning a payment to an employee of the local education provider shall identify the individual employee by name and business address or location only;

(b) The amount of expended moneys;

(c) The funding source of the expended moneys;⁵

(d) The date of the expenditure;

(e) The name of the budget program, activity, or category supporting the expenditure;

(f) A description of the purpose for the expenditure;⁶ and

(g) To the extent possible, a unique identifier for each expenditure.⁷

(2) The expenditure data shall be provided in an open structured data format⁸ that:

(a) May be downloaded by the user; and

(b) Allows the user to systematically sort, search and access all data.⁹

(3) The web site database shall contain only information that is a public record or that is not confidential or otherwise protected from public disclosure pursuant to state or federal law.

(C) The local education provider shall:

(1) Update the financial data contained on the web site database at least monthly;¹⁰

(2) Archive the financial data, which shall remain accessible and searchable on the web site database for a minimum of forty-eight months¹¹ after the end of the fiscal year to which the financial data pertains;

(3) Make the web site database easily accessible from the main page of the local education provider's web site; and

(4) Create and make easily accessible an automated Rich Site Summary (RSS) feed to which users of the web site database may subscribe for notification of updates to the web site database.¹²

¹ As an alternative, states may consider the adoption of a single central database with the state department of education to which local education providers would submit revenue and expenditure data.

² Ideally, all local education providers should be covered by the mandate. However, exemptions could be considered for smaller providers or for providers that do not currently have a Web site. In addition, other incentives could be considered in place of a mandate as an option for providers concerned about the fixed costs of creating a database—such as requiring that the specified financial information be made available to private requests at a free or heavily reduced rate. This incentive might encourage taxpayers or private entities to collect the information and create databases, thus leading some providers to create databases on their own.

³ Sponsoring lawmakers also may consider including other specific charter school authorizing agencies under the definition of “local education provider”. Some states permit municipal governments, universities, or private nonprofit organizations to authorize charter schools. Only the specific department within any of these respective organizations that is responsible for charter school authorization should be subject to the mandate.

⁴ At the discretion of sponsoring lawmakers in their respective states, local education providers should be required to comply within a reasonable amount of time. The specified target date for compliance (e.g., January 1, 2010) ideally should be included in the legislative language. A staggered system of delayed opt-in deadlines also may be considered for smaller local education providers or for providers that do not currently have a Web site.

⁵ Ideally, all sources of revenue (federal, state, and local tax revenue, as well as private donations and fees) should be included. For practical considerations, the precise definition should be left up to the discretion of sponsoring lawmakers in each particular state.

⁶ If local education providers or lobbying organizations argue that providing descriptions of expenditures would be too difficult, sponsoring lawmakers may consider setting up a delayed deadline for providers to comply with (2)(a)(v). Still, it should be pointed out that a clear description of the purpose of an expenditure works to the benefit of the local education provider by forestalling confusion that may lead to public relations difficulties.

⁷ A unique identifier with each expenditure would make the data more functional. However, not all local education providers may use unique identifiers in their expenditure records. Without the qualifying phrase, it could create a costly and time-consuming mandate for providers.

⁸ “Open” denotes that the format is accessible by users through the use of free software. Local education providers can easily comply by exporting from Microsoft Excel or Quickbooks into an XML (Extensible Markup Language) or a CSV (Comma-Separated Values) file. The removal of the word “open” would allow providers to post an Excel or Quickbooks file directly to the Web site database. Users then would be required to have a purchased copy of that software in order to use the database.

⁹ As written, local education providers are given the option to build their own database interface or to allow third parties to build an interface using the provider’s data. The addition of the phrase “via a web-based graphic user interface” at the end of the clause would create a costly and time-consuming mandate for providers. While the addition of the phrase would ensure each provider had its own usable interface, it also would provide no guarantee of quality in comparison to interfaces that may be created by private third-party groups or individuals.

¹⁰ Ideally, data reports should be updated at least once per month. But states should have the discretion to adjust the frequency if necessary. In many cases, technology allows for the information to be easily updated

on a daily basis.

¹¹ Ideally, data should be required to be archived for a minimum of five years (the current year plus four additional years). But sponsoring lawmakers should have the discretion to modify the requirement according to local concerns.

¹² An RSS feed is a simple and inexpensive tool to which parents, taxpayers, and other interested groups can subscribe in order to track updates to the local education provider's web site database in a convenient and timely manner.

Council on Efficient Government Act

Summary

This legislation is designed to create a council on efficient government whose purpose is to ensure that each state agency focuses on its core mission and delivers goods and services effectively and efficiently by leveraging resources and contracting with private sector vendors if those vendors can more effectively and efficiently provide goods and services and reduce the cost of government. Additionally, the council is to evaluate for feasibility, cost effectiveness, and efficiency business cases to be outsourced before a state agency proceeds with any outsourcing of goods or services.

Model Legislation

Section 1. {Title.}

This Act shall be known and may be cited as the Council on Efficient Government Act.

Section 2. {Council on Efficient Government; members; terms; vacancies.}

(A) The Council on Efficient Government is established consisting of the following members:

- (1) The chief executive or administrative officer of a state agency who is appointed by the Governor.
- (2) Two members who are engaged in private enterprise and who are appointed by the Governor.
- (3) Two members who are engaged in private enterprise and who are appointed by the President of the Senate.
- (4) Two members who are engaged in private enterprise and who are appointed by the Speaker of the House of Representatives.

(B) The terms of appointment to the council are for two years unless the chief executive or administrative officer of a state agency ceases to hold office. The Governor shall appoint a replacement member for the remainder of the unexpired term.

(C) A member of the Council who is engaged in private enterprise is not eligible to receive compensation but is eligible for reimbursement of expenses, pursuant to state statute.

(D) A member of the Council may not participate in a council review of a business case to outsource if the state agency is conducting the proposed outsourcing or, in the case of a member engaged in private enterprise, if the member has a business relationship with an entity that is involved or potentially could be involved in the proposed outsourcing.

(E) A member of the Council who is engaged in private enterprise may not delegate the membership to a designee.

(F) A quorum shall consist of at least three members of the council.

(G) Any vacancy on the Council shall be filled in the same manner as the original appointment, and any member appointed to fill a vacancy occurring for a reason other than the expiration of a term serves only for the unexpired term of the member's predecessor.

(H) The Council shall select a chairperson from among its members.

Section 3. {Powers and duties of the council; annual report.}

(A) The Council shall:

(1) Review whether or not a good or service provided by a state agency could be privatized to provide the same type and quality of good or service that would result in cost savings or best value. The Council may hold public hearings as part of its evaluation process and shall report its recommendations to the Governor, the President of the Senate and the Speaker of the House of Representatives.

(2) Review privatization of a good or service at the request of a state agency or a private enterprise.

(3) Review issues concerning agency competition with one or more private enterprises to determine ways to eliminate any unfair competition with a private enterprise.

(4) Recommend privatization to a state agency if a proposed privatization is demonstrated to provide a more cost efficient or more effective manner of providing a good or service.

(5) Comply with Sections 4 and 5 of this bill.

(6) Employ a standard process for reviewing business cases to outsource.

(7) Review and evaluate business cases to outsource as requested by the Governor or the state agency head whose agency is proposing to outsource.

(8) No later than thirty days before a state agency's issuance of a solicitation of ten million dollars or more, provide to the state agency conducting the procurement, the Governor, the President of the Senate and the Speaker of the House of Representatives, an advisory report for each business case reviewed and evaluated by the Council. The report must contain all versions of the business case, an evaluation of the business case, any relevant recommendations and sufficient information to assist the state agency proposing to outsource in determining whether the business case to outsource should be included with the legislative budget request.

(9) Recommend and implement standard processes for state agency and council review and evaluate state agency business cases to outsource, including templates for use by state agencies in submitting business cases to the council.

(10) Recommend standards, processes and guidelines for use by state agencies in developing business cases to outsource.

(11) Incorporate any lessons learned from outsourcing services and activities into council standards, procedures and guidelines, as appropriate, and identify and disseminate to agencies information regarding best practices in outsourcing efforts.

(12) Develop guidelines for assisting state employees whose jobs are eliminated as a result of outsourcing.

(13) Receive complaints of violations of this article.

(14) Transmit complaints received under this section to the state agency alleged to be in violation.

(15) Hold public hearings on complaints and determine whether the agency is in violation of this article.

(16) Issue a written report of its findings to the complainant within ninety days after receiving the state agency's response.

(17) Transmit to the Governor, the President of the Senate and the Speaker of the House of Representatives a complete report of each meeting, including recommendations to correct violations of prohibitions on competition with private enterprise and findings on necessary exceptions to the prohibitions.

(18) Solicit petitions of interest from private sector service providers as the council considers appropriate. The council may evaluate and review the petitions and may hold public hearings as part of the evaluation process. The Council may recommend some or all of the petitions to the Governor's office for further review pursuant to state statute. A person does not have a cause of action based on the failure of the council to consider a petition of interest or make a recommendation.

(B) The Council may evaluate and review all state agency exemptions and exemptions to the restrictions on competition with private enterprise in this article and may determine that any function or functions of state agency are in violation of this article. The council shall report its findings and recommendations to the Governor, the President of the Senate and the Speaker of the House of Representatives.

(C) The council shall prepare an annual report on:

(1) Recommendations on innovative methods of delivering government services that would improve the efficiency, effectiveness or competition in the delivery of government services, including enterprise-wide proposals.

(2) Outsourcing efforts of each state agency, including the number of outsourcing business cases and solicitations, the number and dollar value of outsourcing contracts, descriptions of performance results as applicable, any contract violations or project slippages and the status of extensions, renewals and amendments of outsourcing contracts.

(3) Information about the council's activities.

(4) The status of the inventory created under Section 4 of this bill.

(D) The Council shall submit the annual report prescribed by Subsection C of this section to the Governor, the President of the Senate and the Speaker of the House of Representatives no later than January 15 immediately following the calendar year for which the report is made. The council shall provide an oral report to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting when the legislature is not in session.

(E) The Auditor General shall employ an adequate number of staff who collectively possess significant expertise and experience as required to carry out the responsibilities of this article.

(F) Each state agency shall submit to the council all information, documents and other materials required by the council pursuant to this article.

(G) At the request of the Council and on approval of the Joint Legislative Audit Committee, the Auditor General shall provide performance audit and other required information relating to state agency budgets and functions. The Auditor General may assist in the development and review of the agency inventory of commercial activities prescribed in Section 4.

(H) In addition to filing a copy of recommendations for privatization with an agency head, the council shall file a copy of its recommendations for privatization with the Governor's office, the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting for submission to the relevant legislative appropriation subcommittee.

(I) The council may appoint advisory groups to conduct studies, research or analyses and make reports and recommendations with respect to a matter within the jurisdiction of the council. At least one member of the council shall serve on each advisory group.

(J) Subject to Section 5, subsection B, this article does not preclude a state agency from privatizing the provision of a good or service independent of the council.

(K) Except as provided by section state statute, any aggrieved person may elect to directly seek judicial relief.

Section 4. {Commercial activities inventory and review.}

(A) On or before a date selected by the legislature, the council shall create an inventory of activities of state agencies to classify whether each activity or elements of the activity are:

- (1) A commercial activity that can be obtained in whole or in part from a private enterprise.
- (2) An inherently governmental activity.

(B) The Council shall update the inventory created under this section at least every two years.

(C) The Council shall make the inventory available to the public through electronic means.

(D) State agencies shall cooperate with inventory requests made by the Council.

Section 5. {Business cases to outsource; review and analysis; requirements.}

(A) A proposal to outsource having a projected cost of more than ten million dollars in any fiscal year shall require:

- (1) An initial business case analysis conducted by the state agency and submitted to the Council, the Governor, the President of the Senate and the Speaker of the House of Representatives at least sixty days before a solicitation is issued. The Council shall evaluate the business case analysis and submit an advisory report to the state agency, the Governor, the President of the Senate and the Speaker of the House of Representatives when the advisory report is completed, but at least thirty days before the agency issues the solicitation.
- (2) A final business case analysis conducted by the state agency and submitted after the conclusion of any negotiations, at least thirty days before execution of a contract, to the council, the Governor, the President of the Senate and the Speaker of the House of Representatives.

(B) A proposal to outsource having a projected cost of at least one million dollars but not more than ten million dollars in any fiscal year shall require:

(1) An initial business case analysis conducted by the state agency and submission of the business case, at least thirty days before issuing a solicitation, to the Council, the Governor, the President of the Senate and the Speaker of the House of Representatives.

(2) A final business case analysis conducted by the state agency and submitted after the conclusion of any negotiations, at least thirty days before execution of a contract, to the Council, the Governor, the President of the Senate and the Speaker of the House of Representatives.

(C) A business case to outsource having a projected cost of less than one million dollars in any fiscal year shall require a final business case analysis conducted by the state agency after the conclusion of any negotiations and provided to the council at least thirty days before execution of a contract. The Council shall provide the business cases in its annual report to the President of the Senate and the Speaker of the House of Representatives.

(D) For any proposed outsourcing, the state agency shall develop a business case that justifies the proposal to outsource. The business case is not subject to challenge or protest. The business case must include:

(1) A detailed description of the service or activity for which the outsourcing is proposed.

(2) A description and analysis of the state agency's current performance based on existing performance measures if the state agency is currently performing the service or activity.

(3) The goals desired to be achieved through the proposed outsourcing and the rationale for the goals.

(4) A citation to the existing or proposed legal authority for outsourcing the service or activity.

(5) A description of available options for achieving the goals. If state employees are currently performing the service or activity, at least one option involving maintaining state provision of the service or activity shall be included.

(6) An analysis of the advantages and disadvantages of each option, including, at a minimum, potential performance improvements and risks.

(7) A description of the current market for the contractual services that are under consideration for outsourcing.

(8) A cost benefit analysis documenting the direct and indirect specific baseline costs, savings and qualitative and quantitative benefits involved in or resulting from the implementation of the recommended option or options. The analysis must specify the schedule that, at a minimum, must be adhered to in order to achieve the estimated savings. All elements of cost must be clearly identified in the cost benefit analysis, described in the business case and supported by applicable records and reports. The state agency head shall attest that based on the data and information underlying the business case and to the best of the state agency head's knowledge all projected costs, savings and benefits are valid and achievable. For the purposes of this paragraph:

(a) "Cost" means the reasonable, relevant and verifiable cost, which may include elements such as personnel, materials and supplies, services, equipment, capital depreciation, rent, maintenance and repairs, utilities, insurance, personnel travel, overhead and interim and final payments. The appropriate elements shall depend on the nature of the specific initiative.

(b) "Savings" means the difference between the direct and indirect actual annual baseline costs compared to the projected annual cost for the contracted functions or responsibilities in any succeeding state fiscal year during the term of the contract.

(9) A description of differences among current state agency policies and processes and, as appropriate, a discussion of options for or a plan to standardize, consolidate or revise current policies and processes, if any, to reduce the customization of any proposed solution that would otherwise be required.

(10) A description of the specific performance standards that must, at a minimum, be met to ensure adequate performance.

(11) The projected time frame for key events from the beginning of the procurement process through the expiration of a contract.

(12) A plan to ensure compliance with the public records law.

(13) A specific and feasible contingency plan addressing contractor nonperformance and a description of the tasks involved in and costs required for its implementation.

(14) A state agency's transition plan for addressing changes in the number of agency personnel, affected business processes, employee transition issues and communication with affected stakeholders, such as agency clients and the public. The transition plan must contain a reemployment and retraining assistance plan for employees who are not retained by the state agency or employed by the contractor.

(15) A plan for ensuring access by persons with disabilities in compliance with applicable state and federal law.

(16) A description of legislative and budgetary actions necessary to accomplish the proposed outsourcing.

(E) Each contract for a proposed outsourcing pursuant to this section shall include the following:

(1) A scope-of-work provision that clearly specifies each service or deliverable to be provided, including a description of each deliverable or activity that is quantifiable, measurable and verifiable. This provision must include a clause stating that if a particular service or deliverable is inadvertently omitted or not clearly specified but determined to be operationally necessary and verified to have been performed by the agency within the twelve months before the execution of the contract, the service or deliverable will be provided by the contractor through the identified contract amendment process.

(2) A service level agreement provision describing all services to be provided under the terms of the agreement, the state agency's service requirements and performance objectives, specific responsibilities of the state agency and the contractor and the process for amending any portion of the service level agreement. Each service level agreement must contain an exclusivity clause that allows

the state agency to retain the right to perform the service or activity, directly or with another contractor, if service levels are not being achieved.

(3) A provision that identifies all associated costs, specific payment terms and payment schedules, including provisions governing incentives and financial disincentives and criteria governing payment.

(4) A provision that identifies a clear and specific transition plan that will be implemented in order to complete all required activities needed to transfer the service or activity from the state agency to the contractor and operate the service or activity successfully.

(5) A performance standards provision that identifies all required performance standards, which must include at a minimum:

(a) Detailed and measurable acceptance criteria for each deliverable and service to be provided to the state agency under the terms of the contract that document the required performance level.

(b) A method for monitoring and reporting progress in achieving specified performance standards and levels.

(c) The sanctions or disincentives that will be imposed for nonperformance by the contractor or state agency.

(6) A provision that requires the contractor and its subcontractors to maintain adequate accounting records that comply with all applicable federal and state laws and generally accepted accounting principles.

(7) A provision that authorizes the state agency to have access to and audit all records related to the contract and subcontracts, or any responsibilities or functions under the contract and subcontracts, for purposes of legislative oversight and a requirement for audits by a service organization pursuant to professional auditing standards, if appropriate.

(8) A provision that requires the contractor to interview and consider for employment with the contractor each displaced state employee who is interested in such employment.

(9) A contingency plan provision that describes the mechanism for continuing the operation of the service or activity, including transferring the service or activity back to the state agency or successor contractor, if the contractor fails to perform and comply with the performance standards and levels of the contract and the contract is terminated.

(10) A provision that requires the contractor and its subcontractors to comply with public records laws specifically to:

(a) Keep and maintain the public records that ordinarily and necessarily would be required by the state agency in order to perform the service or activity.

(b) Provide the public with access to the public records on the same terms and conditions that the state agency would provide the records.

(c) Ensure that records that are exempt or records that are confidential and exempt are not disclosed except as authorized by law.

(d) Meet all requirements for retaining records and transfer to the state agency, at no cost, all public records in possession of the contractor on termination of the contract and destroy any duplicate public records that are exempt or confidential. All records stored electronically must be provided to the state agency in a format that is compatible with the information technology systems of the state agency.

(11) A provision that addresses ownership of intellectual property. This paragraph does not provide the specific authority needed by a state agency to obtain a copyright or trademark.

(12) If applicable, a provision that allows the state agency to purchase from the contractor, at its depreciated value, assets used by the contractor in the performance of the contract. If assets have not depreciated, the state agency shall retain the right to negotiate to purchase at an agreed on cost.

Section 6. {Council accounting method.}

The council, by rule, shall establish an accounting method that:

(1) Is similar to generally accepted accounting principles used by a private enterprise.

(2) Allows an agency to identify the total actual cost of engaging in a commercial activity in a manner similar to how a private enterprise identifies the total actual cost to the private enterprise, including the following:

(a) Labor expenses, such as compensation and benefits, costs of training, costs of paying overtime, costs of supervising labor or other personnel expenses.

(b) Operating costs, such as vehicle maintenance and repair, marketing, advertising or other sales expenses, office expenses, costs of an accounting operation such as billing, insurance expenses, real estate or equipment costs, debt service costs or a proportionate amount of other overhead or capital expenses, such as vehicle depreciation and depreciation of other fixed assets.

(c) Contract management costs.

(d) Other costs particular to a person supplying the good or service.

(3) Provides a process to estimate the taxes a state agency would pay related to engaging in a commercial activity if the state agency were required to pay federal, state and local taxes to the same extent as a private enterprise engaging in the commercial activity.

Section 7. {Governor; required review of commercial activities.}

Beginning with a fiscal year the legislature designates, the Governor, at least once every two fiscal years, shall select at least three commercial activities that are being performed by a state agency to be examined by the Governor's Office of Strategic Planning and Budgeting.

Section 8. {Duties of the Governor's Office of Strategic Planning and Budgeting.}

(A) The Governor's Office of Strategic Planning and Budgeting shall:

(1) Determine the amount of an appropriation that is no longer needed by an executive branch agency because all or a portion of the agency's provision of a good or service is privatized.

(2) Adjust the Governor's budget recommendations to reflect the amount that is determined under paragraph 1.

(3) Report its findings to the President of the Senate and the Speaker of the House of Representatives.

(B) This section does not prevent the Governor from making a budget recommendation regarding the restoration of a portion of the appropriation to a state agency that is reduced under this section.

Section 9. {Applicability.}

This article does not apply to contracts in support of the planning, development, implementation, operation or maintenance of the road, bridge and public transportation construction program of the Department of Transportation.

Section 10. {Initial terms of members of the Council on Efficient Government.}

Notwithstanding Section 2 of this bill, the initial members of the Council on Efficient Government who are engaged in private enterprise shall assign themselves by lot to terms of one or two years in office. The appointing authority shall make all subsequent appointments as prescribed by statute.

Section 11. {Severability Clause.}

Section 12. {Repealer Clause.}

Section 13. {Effective Date.}

An Act Relating to Requiring a 72-Hour Budget “Timeout” Prior to Hearings or Votes on Appropriation and Revenue Bills

An ALEC Model

Intent Section

The Legislature finds that public participation in the legislative process improves the quality of proposed legislation by allowing the opportunity for its detailed review by interested parties. The opportunity for a detailed review by the public prior to hearings or votes on legislation helps increase public trust in government and enhances respect for the Legislature by ensuring that its operation is conducted with the openness, order, and dignity befitting [insert state]. It is the intent of the Legislature, therefore, to prohibit hearings or votes on appropriation and/or revenue related bills until 72 hours after the bill’s public introduction.

Short Title

This Act shall be known and may be cited as the “72-Hour Budget Review Act.”

Definitions

- (1) “Appropriation related bill” means any bill authorizing an appropriation of funds for state operating, capital or transportation expenses.
- (2) “Revenue related bill” means any bill raising revenue for operating, capital or transportation expenses.
- (3) “Amendment” means any proposed change in a bill.
- (4) “Striking amendment” means any amendment removing everything after the title of a bill and inserting a whole new bill.
- (5) “Publicly available” means posting a bill on the Legislature’s website and its publication in a bill report, committee report, and/or conference report.